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Economic Intelligence Weekly Review

29 June 1978

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29 June 1978**

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ECONOMIC INTELLIGENCE WEEKLY REVIEW

29 June 1978

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Articles

JAPAN: YEN REFUSES TO STOP CLIMBING

The Japanese face a protracted period of upward pressure on the yen because of Tokyo's inability to cut the current account surplus or boost GNP growth and because of continuing large US trade deficits. The likely announcement on 15 July of a sharply increased Japanese trade surplus could lead to heavy exchange market speculation just as the Summit talks get off the ground. Further pre-Summit speculation may force Prime Minister Fukuda to make a strong pitch to the United States at the Bonn meetings for concerted action to stabilize the yen-dollar rate.

Recent Yen Appreciation

Since early June the Japanese yen has appreciated 5 percent against the dollar, hitting a postwar high of 206 yen to the dollar. Reflecting this extraordinary rise, spot trading volume in Tokyo has been running at double the normal rate. So far, the yen is the only major currency under substantial upward pressure; the important European currencies have appreciated less than 1 percent since the beginning of the month.

Recent yen appreciation comes on top of a 30-percent increase over the past 18 months.

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The Underlying Factors

The yen appreciation over the past two weeks stems from Japan's inability to reduce its current account surplus. Tokyo's foreign exchange market was relatively quiet in May, and the yen depreciated slightly as Tokyo announced that the April trade surplus was only two-thirds of the astounding March surplus. In addition, the Carter-Fukuda talks in early May produced no new US pressure on Japan, which the market read as a US vote of confidence in Tokyo's game plan of 7-percent GNP

Note: Comments and queries regarding the *Economic Intelligence Weekly Review* are welcome. For the text, they may be directed to

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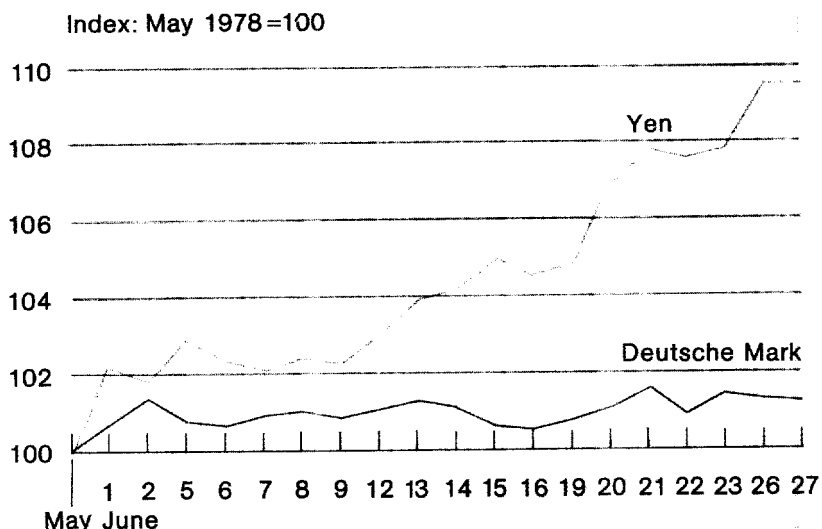
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Yen and Deutsche Mark Appreciation Against the US Dollar



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growth and a one-third cut in the current account surplus in fiscal year 1978 (which began 1 April). Tokyo also played up, as a major breakthrough, the statement that the United States and Japan would improve communication on exchange rate policies.

Starting in early June, however, market confidence began to erode. Japanese press stories early in the month quoted Ministry of Finance officials as acknowledging that bigger monthly trade surpluses were ahead. Data released about 15 June showed the first 10-day June export receipts well above the May level. Partly to slow the rising yen, Prime Minister Fukuda publicly blamed offshore inflation for the rise in Japanese dollar export prices and receipts.

The single biggest factor in bolstering demand for yen was the 19 June announcement that the May current account surplus had rebounded to a \$17.5 billion annual rate from its \$15 billion pace in April. Moreover, traders realized that the May surplus failed by \$500 million to \$600 million to fully reflect the situation—oil imports were artificially high in anticipation of the new crude oil import tax scheduled for 1 June.

Limited Response by Tokyo

Japanese policy response to the appreciation thus far has been limited to small-scale intervention and jawboning. The Bank of Japan purchased no more than \$100

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million in any one day to smooth rather than to prevent the upward yen movement. Bank of Japan Director General Morinaga has threatened large-scale dollar purchases if the yen approaches 200 to the dollar.

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Outlook For Continued Pressure

Upward pressure on the yen is likely to persist at least until the mid-July Summit. In part, this reflects a postrecession seasonal phenomena—the pre-Summit concern by dealers that Japan will be the target of international pressure because of its massive trade surpluses. In 1977, for example, the yen appreciated 2 percent in the weeks preceding the London Summit. Preliminary trade data point to another large surplus in June; the June figures will be announced shortly before the Bonn meetings.

Beyond the Summit, almost nobody expects a dramatic turnaround in Japan's current account surplus. Japanese officials have told US policymakers in private that the 1978 surplus will exceed last year's \$11 billion. The trading companies are now projecting a \$15-20 billion current account surplus this year. A resurgence of import volume is unlikely because (a) high oil imports in May will retard deliveries at least until late 1978 and (b) GNP growth will probably slip from its high January-March level. According to press reports, Japanese economic decisionmakers rejected further stimulative action as unnecessary at the 23 June meeting of economic cabinet ministers.

About the only factor easing pressure for additional appreciation is slumping export volume. April-June export shipments will fall below the January-March results by several percent.

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Constant upward pressure on the yen is likely to prompt Fukuda's advisers—particularly Minister of International Trade and Industry Komoto—to push the Prime Minister to lobby the United States at the Summit for firmer action on exchange rates. Tokyo believes that Washington is more concerned with instability in European exchange markets than with shifts in the yen-dollar rate.

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JAPAN: LEARNING TO LIVE WITH 200-MILE ZONES

Japan, the world's leading fishing nation, appears to be adjusting effectively to the expansion of 200-mile fishing zones. The slump in catches in distant waters has been offset by increased operations near Japan. Restrictions on fish imports have been eased, and nearly 200 joint fishing ventures with 50 foreign countries have been established to further ensure the supply of fishery products. Nevertheless, several major problems persist. Fish prices within Japan rose 15 percent last year and are continuing to climb. In the last 12 months, 14,000 fishermen in the distant water fleet have lost their jobs.

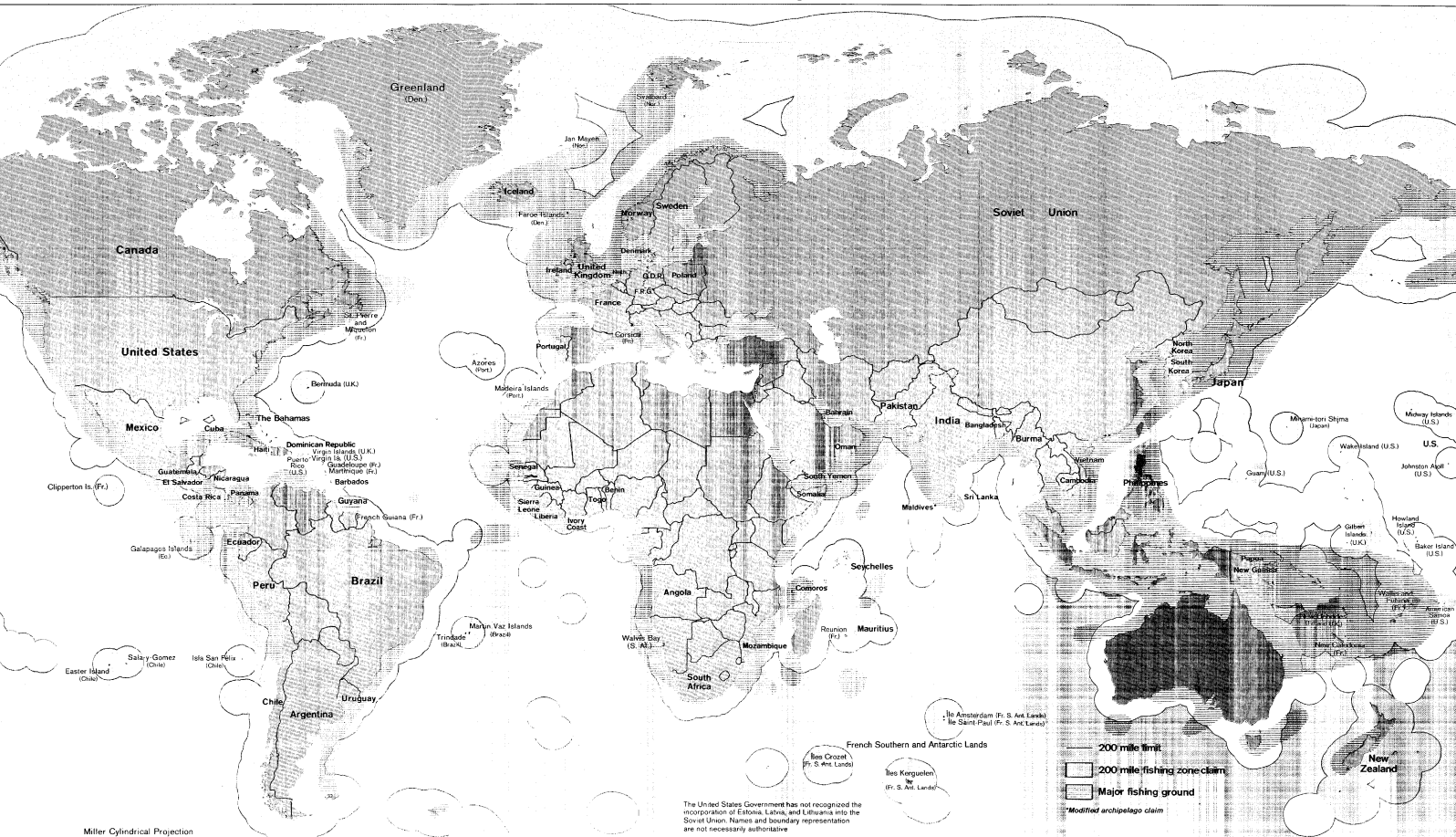
1977 Catch Up

Despite the proliferation of 200-mile maritime boundaries in recent years—over 50 countries have established 200-mile zones since 1 January 1976—Japanese fishermen caught 10.70 million tons in 1977, a slight increase from the 10.66 million tons taken in 1976. The establishment of a 200-mile fishing zone around Japan on 1 July 1977 helped Japanese fishermen take almost 8.1 million tons in home waters last year, an increase of 340,000 tons over 1976, which offset a loss of 300,000 tons in distant-water operations. Coastal sardine and saury fisheries were especially productive. For the first time, the sardine catch, most of which is reduced to fish meal for animal feed, exceeded 1 million tons.

Japan: Fish Catch

	1974	1975	1976	1977
	Million Tons			
Total	10.81	10.54	10.66	10.70
Home or open water	7.11	7.04	7.72	8.06
Within 200 miles of other countries	3.70	3.50	2.94	2.64
	Percent			
Catch taken within 200 miles of other countries	34	33	28	25

Major Fishing Grounds and 200 Nautical Mile Fishing Zone Claims, 1 June 1978



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High Unemployment, Rising Prices

Despite the increase in last year's catch, the dislocations caused by the restrictions on distant-water fishing operations have resulted in rising unemployment. About 14,000 fisherman lost their jobs during the past year, roughly 3 percent of the total number of Japanese involved in the fishing industry. Salmon fishermen, in particular, were hard hit by the recent agreement signed with the Soviet Union. Under the agreement, Japanese fishermen will be able to take only 42,500 tons of salmon in 1978, that is, one-half their 1976 catch. As a result, about 4,000 jobs have been lost.

Most unemployed fishermen want to remain in the industry, but the job outlook is bleak as countries such as the United States and the Soviet Union reduce quotas. The high visibility and political clout of the fishing industry have forced Tokyo to take quick action to ease the strains of unemployment. Fishermen who have lost their jobs because of international agreements are eligible for special unemployment allowances of up to \$454 per month for two years after their standard eight-month unemployment insurance runs out. They also can obtain retraining in other industries at government expense.

Another major problem facing Tokyo is rising retail prices. Fish prices to the consumer jumped about 15 percent overall last year, and the price of some of the more widely consumed species such as pollack increased by nearly 50 percent. Higher operating costs for distant-water operations—especially licensing fees in newly established 200-mile zones—plus rising domestic demand are the main reasons for the price increase. Various consumer groups complain, however, that Japanese fishing companies are withholding their catch from market to drive up prices.

More Joint Ventures and Increased Imports

Since fish products accounted for roughly one-half of the animal protein in the average Japanese diet in 1977—more than in any other developed country—Japan is committed to maintaining its current level of fish production. To ensure the future vitality of the industry, the Japanese have established nearly 200 joint fishing companies in some 50 countries. About 40 of these—of which 30 are jointly owned with US interests—operate along North America's Pacific coast. In addition, more than 100 joint companies fish waters in Asia and Oceania, 30 operate off the African coast, and 30 work the waters of Latin America.

The joint companies are capitalized at \$150 million, more than one-half of which is Japanese money. These companies, using leased or purchased vessels, engage in the full range of fishing operations, including fishing, processing, and marketing. In some

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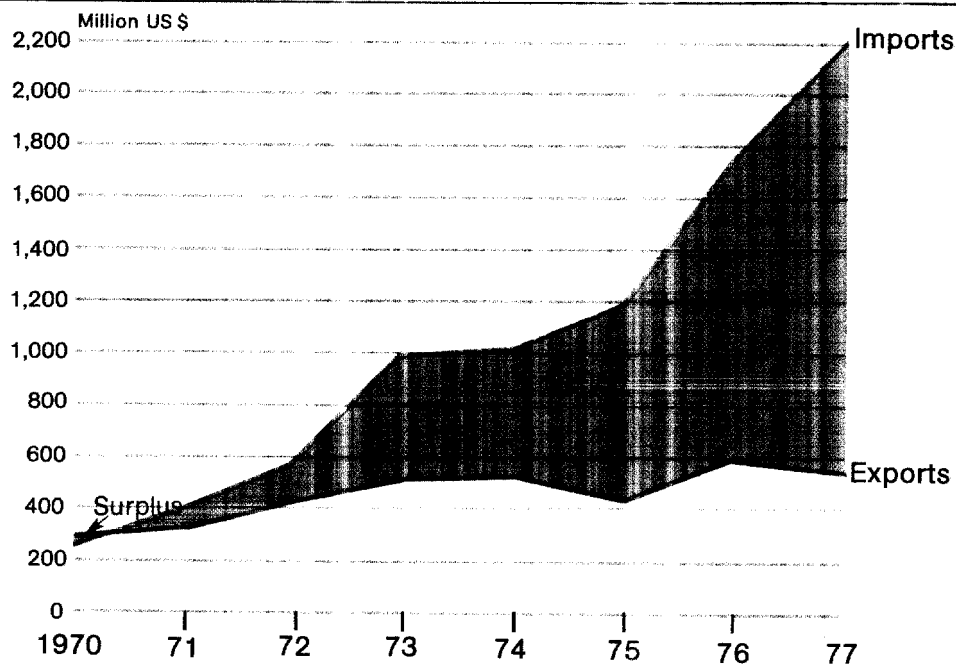
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cases, they also are involved in research, pearl cultivation, and fish farming. The local partner usually takes about one-half of the catch for its own use, while the Japanese partner sells its share in Western or Japanese markets.

Japan's greater emphasis on joint ventures has resulted in increasing fish imports. Fish imports totaled \$2.2 billion in 1977, nearly double the 1975 level, compared with exports of only \$550 million. Moreover, for the first time US-Japanese fish trade showed a \$50 million surplus in favor of the United States, compared with an annual average deficit of \$120 million during 1972-76; the surplus is attributable mainly to

Japan: Fish and Shellfish Trade



US exports of crab, herring, and salmon. Imports should continue to grow as Tokyo has recently eased import quota restrictions for certain fish products and lowered tariffs on some others. Further action along these lines is under consideration in Tokyo. Imports supplied roughly 15 percent of Japan's fish consumption requirements in 1977.

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Other Options

In addition to increasing imports and expanding joint ventures, Tokyo is taking other measures to guarantee its fish supply. The Fishery Agency of the Japanese Ministry of Agriculture has earmarked \$750 million to set up artificial fish habitats in coastal areas and increase the number of fish farming centers from 10 to 17 by 1980. In addition, a concerted effort is being made to increase efficiency in fish processing and thus reduce the waste of any potential food material.

Finally, Japan is placing more emphasis on harvesting species of fish not formerly caught because of high processing costs or the lack of consumer demand. Chief among these is krill, a small shrimp-like crustacean rich in protein and primarily found in Antarctic waters. In the past, krill fishing has been limited because of the great distance involved and the high processing costs of removing the shells and freezing before the body decomposes. Currently, Japan harvests only about 10,000 to 15,000 tons of krill a year. Marine biologists claim the krill population could support a catch of at least several million tons a year.

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SOVIET DEFENSE SPENDING: TRENDS AND PROSPECTS

This article presents the conclusions and major points of CIA's latest estimate (prepared by the Office of Strategic Research) of the ruble cost of Soviet defense activities, Estimated Soviet Defense Spending: Trends and Prospects.

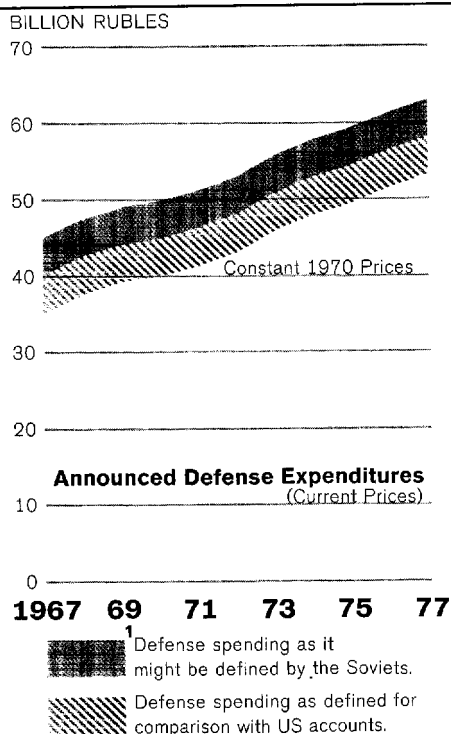
Our estimates of the ruble cost of Soviet defense activities during the period between 1967 and 1977 indicate that:

- Soviet defense spending, defined to correspond to US budgetary accounts and measured in constant 1970 prices, grew at an average annual rate of about 4 to 5 percent, from 35 billion to 40 billion rubles in 1967 to 53 billion to 58 billion rubles in 1977.
- Defined more broadly, as Soviet practice might require, defense spending grew from 40 billion to 45 billion rubles in 1967 to 58 billion to 63 billion rubles in 1977.*

* This broader definition embraces additional costs that the Soviets are likely to classify as spending for defense. These include expenditures for internal security troops, certain civil defense activities, military stockpiling, foreign military assistance, and space programs that are operated by the military in the USSR but by the National Aeronautics and Space Administration in the United States.

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Estimated Soviet Expenditures for Defense



¹ Includes additional costs associated with internal security troops, certain space and civil defense activities, and military stockpiles.

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Economic Impact

The defense effort has had a substantial impact on the Soviet economy:

- During the period between 1967 and 1977, defense spending consumed an almost constant share of Soviet GNP—11 to 12 percent or 12 to 13 percent, depending on how defense spending is defined.
- Defense investment consumed about one-third of the final product of machinebuilding and metalworking, the branch of industry that produces investment goods as well as military hardware.

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- Between 65 and 75 percent of the males reaching draft age were conscripted into the Soviet armed forces. Uniformed military servicemen and civilians working for the Ministry of Defense constituted 3 to 4 percent of the total labor force.
- Defense takes a large share of the economy's best scientific, technical, and managerial talent and large amounts of high-quality materials, components, and equipment.

The armed forces accounted directly for a small share of total Soviet energy consumption. Less than 5 percent of the refined petroleum and less than 5 percent of the heat and electricity consumed by the USSR went to the armed forces.

Composition and Allocation

Ruble estimates provide insight into the resource composition of the Soviet defense effort and the trends in resource allocation among the services. Analysis based on the narrower definition of defense—for which the estimates are more precise—indicates that during the 10-year period more than one-half of total spending went for investment, a little more than one-fourth for operating expenditures, and more than one-fifth for research, development, testing, and evaluation.

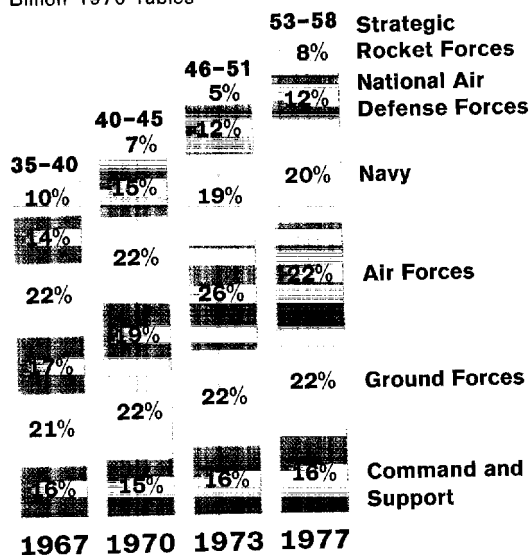
Examination of defense spending according to service indicates that:

- The Air Forces and the Ground Forces received the largest shares of investment and operating spending. The share going to the Air Forces increased during the period as a result of increased spending for Frontal Aviation. The Ground Forces' share was relatively constant.
- Spending for the Navy and the National Air Defense Forces grew more slowly than defense spending as a whole. As a result, the shares of investment and operating spending going to these forces were smaller in 1977 than in 1967. Most of the growth in spending for the Navy was allocated to ballistic missile submarines, while most of the growth in spending for the Air Defense Forces was allocated to interceptor aircraft.
- The Strategic Rocket Forces received the smallest share of investment and operating spending among the five services. Spending for the Strategic Rocket Forces was primarily determined by deployment cycles for ICBMs and fluctuated more than that for any other service. By the end of the 10-year period, spending for this service was only slightly higher than in 1967.

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Estimated Soviet Military Investment and Operating Expenditures¹

Billion 1970 rubles

¹ As defined for comparison with US accounts.

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Examination of defense spending for intercontinental and regional forces indicate that:

- Spending for intercontinental attack forces subject to SALT II limitations constituted a little more than 10 percent of total defense spending and grew at a slower pace than the total.
- Spending for Ground Forces and Frontal Aviation in East Germany, Poland, and Czechoslovakia constituted less than 10 percent of total defense spending but grew at about twice the rate of the total.
- Spending for Soviet forces along the Sino-Soviet border constituted a little less than 10 percent of total defense spending but grew at about twice the rate of the total.

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Prospects

Soviet economic growth has slowed in the 1960s and the 1970s, and we forecast a further slowdown in the 1980s. Nonetheless, all of the evidence available to us on Soviet defense programs under way and planned suggests that the long-term upward trend in allocation of resources to defense is likely to continue into the 1980s.

There is no indication that economic problems are causing major changes in defense policy. The atmosphere in Moscow with regard to the economy, however, is one of concern, and the Soviet leaders could be contemplating modest alterations in military force goals. But even if such alterations were undertaken, the rate of growth of defense spending over the next five years or so probably would slow only marginally.

- For the next two or three years, Soviet defense spending will continue to grow. Because some current ICBM, ballistic missile submarine, and fighter aircraft programs are nearing completion, the annual rates of growth in that period probably will be slightly lower than the long-run average.
- During the early 1980s, we expect the Soviets to begin testing and deploying a number of the new weapon systems under development. This probably will cause the annual rates of growth in defense spending to increase to a pace more in keeping with the long-term growth trend of 4 to 5 percent a year.
- Conclusion of a SALT II agreement along the lines currently being discussed would not in itself slow the growth of Soviet defense spending significantly.

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Notes

EC Leaders Ponder Exchange Rate Cooperation

Last week's EC finance council meeting and a subsequent get-together between West German Chancellor Schmidt and French President Giscard have kept the issue of EC exchange rate cooperation in the forefront of Community policy discussions. The finance council took no decisive action; a summary of the discussions will be

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submitted to the EC heads of government meeting scheduled for 6-7 July in Bremen. Schmidt and Giscard reportedly are sending emissaries to various EC capitals to take soundings on the closely held ideas of the two leaders for stabilizing EC currencies. While EC heads of state may agree in principle at Bremen on exchange rate cooperation, the complexity of the issue almost guarantees that no specific plan will be endorsed at that time.

The Council reportedly considered three potential schemes for increasing exchange rate cohesion among the Nine as put forward by the EC Monetary Committee:

- An enlarged "snake" that includes the United Kingdom, France, and Italy, with provisions for a transitional period and/or permanent modification to increase snake flexibility.
- Target zones for non-snake currencies defined in terms of a weighted average of currencies with an obligation to defend these rates through intervention.
- Target zones defined as above without any obligation to defend the rates. The contents of the Monetary Committee's report undoubtedly generated comments on possible variations in the three schemes plus the potential for developing a common policy vis-a-vis the dollar.

Press briefings by the finance ministers after their meeting indicated that important differences still exist. West German Finance Minister Matthoefer seemed to endorse the enlarged snake concept. He emphasized that any new exchange rate arrangement should not divide the EC into different currency zones and that all participants should be subject to the same rights and obligations. Britain's Chancellor of the Exchequer, Denis Healey, downplayed the possibility of British reentry into the snake when he explained that Britain would only accept a new exchange rate system if it were durable—wryly noting that UK participation in the original snake was rather short lived.

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Poland Chops Trade Deficit with West

Poland slashed imports from the developed West 17 percent and boosted exports 11 percent in the first four months of 1978, compared with the first four months of 1977, reducing the deficit from \$814 million to \$369 million. The Poles have

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		Million US \$		
		Jan-Apr		
	1976	1977 ¹	1977 ¹	1978 ¹
Total Imports	13,823	14,767	4,383	4,217
Non-Communist	7,375	7,057	2,136	1,822
Of which:				
Developed West	6,798	6,292	1,915	1,596
Total exports	10,969	12,405	3,608	4,217
Non-Communist	4,441	4,882	1,423	1,568
Of which:				
Developed West	3,563	3,877	1,101	1,227

¹ Preliminary.

intensified retrenchment efforts begun last year, when they cut back their record 1976 deficit with the West, from \$3.2 billion to \$2.4 billion. We are beginning to see signs that import cutbacks, particularly of Western industrial materials, are causing shortfalls in industrial production.

South Korea Further Liberalizes Imports

With the 12 July meeting between Minister of Finance Kim Yong-hwan and US Treasury Secretary Blumenthal in mind, Seoul has further eased its restrictive import policy. South Korea's trade plan for second half 1978 (a) removes curbs on 47 commodity subitems, primarily raw materials, and (b) lifts end-user requirements from 64 items. This is in addition to the removal of barriers on 136 items last month and continues Seoul's cautious loosening of its import control system.

The Ministry of Finance is apparently concerned that the US will push for rapid liberalization during Kim's visit to Washington next month. The South Koreans fear increased restrictions against their exports if they are not forthcoming. Several economists within the Pak government have suggested that Kim offer complete liberalization by 1981 in exchange for US support on elimination of safeguard provisions in Multilateral Trade Negotiations and US backing for Korean membership in the OECD.

Liberalization measures implemented since mid-1977 have contributed to a rapid advance in South Korean imports. Import volume rose 33 percent in the first quarter, and import licenses are running 45 percent ahead of last year's pace.

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FOREWORD

1. The **Economic Indicators Weekly Review** provides up-to-date information on changes in the domestic and external economic activities of the major non-Communist developed countries. To the extent possible, the **Economic Indicators Weekly Review** is updated from press ticker and Embassy reporting, so that the results are made available to the reader weeks—or sometimes months—before receipt of official statistical publications. US data are provided by US government agencies.

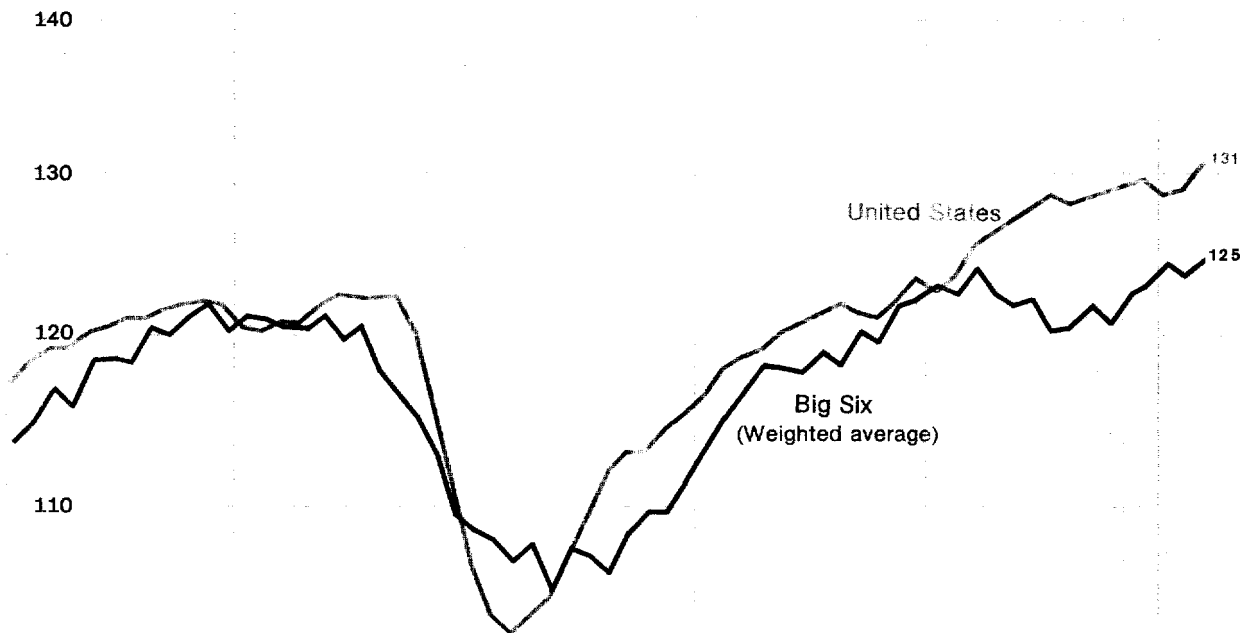
2. Source notes for the **Economic Indicators Weekly Review** are revised every few months. The most recent date of publication of source notes is 16 February 1978. Comments and queries regarding the **Economic Indicators Weekly Review** are welcomed.

BIG SIX FOREIGN COUNTRIES COMPOSITE INDICATORS

Industrial Production

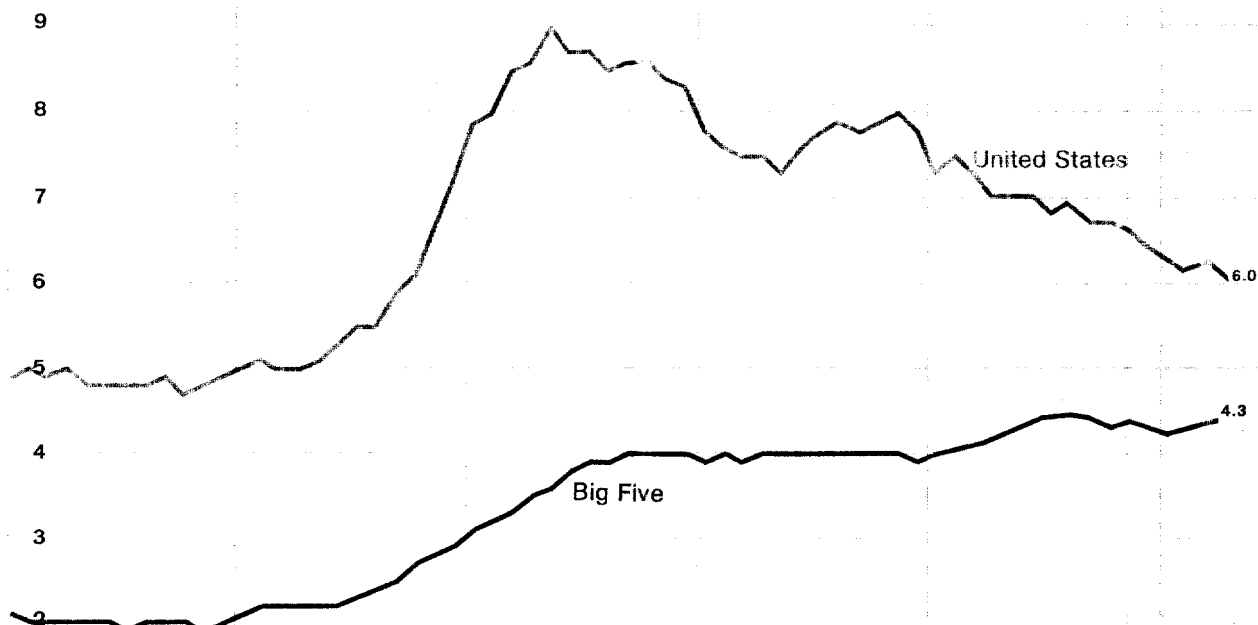
INDEX: 1970=100, seasonally adjusted

Semilogarithmic Scale



Unemployment Rate

Percent



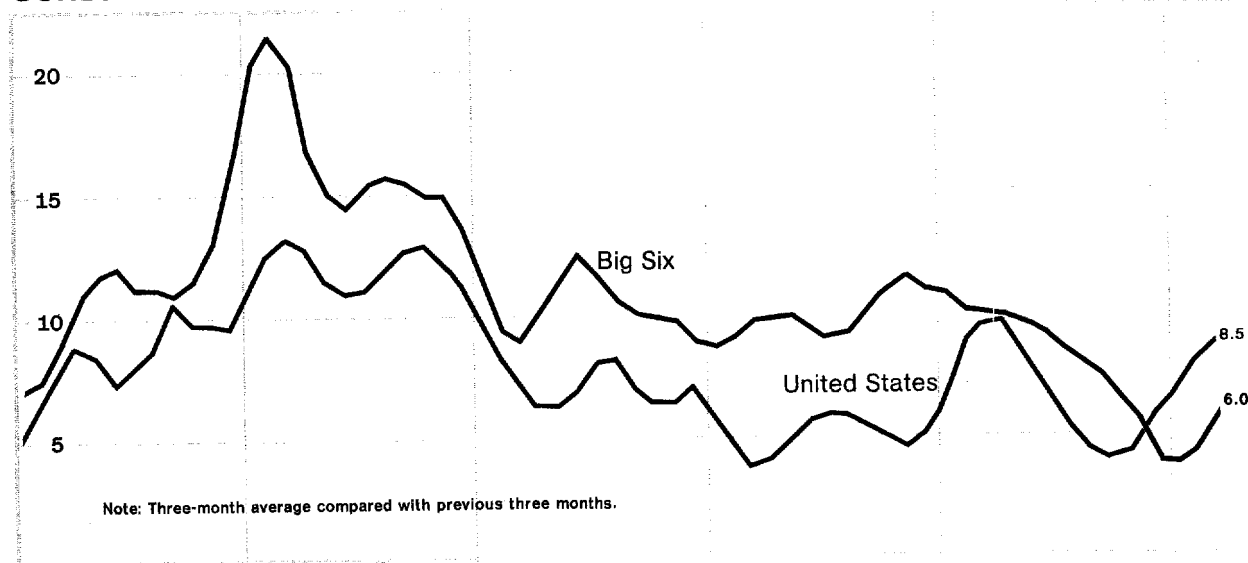
Note: Excluding data for Italy.

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1973 1974 1975 1976 1977 1978

¹Including Japan, West Germany, France, the United Kingdom, Italy, and Canada.

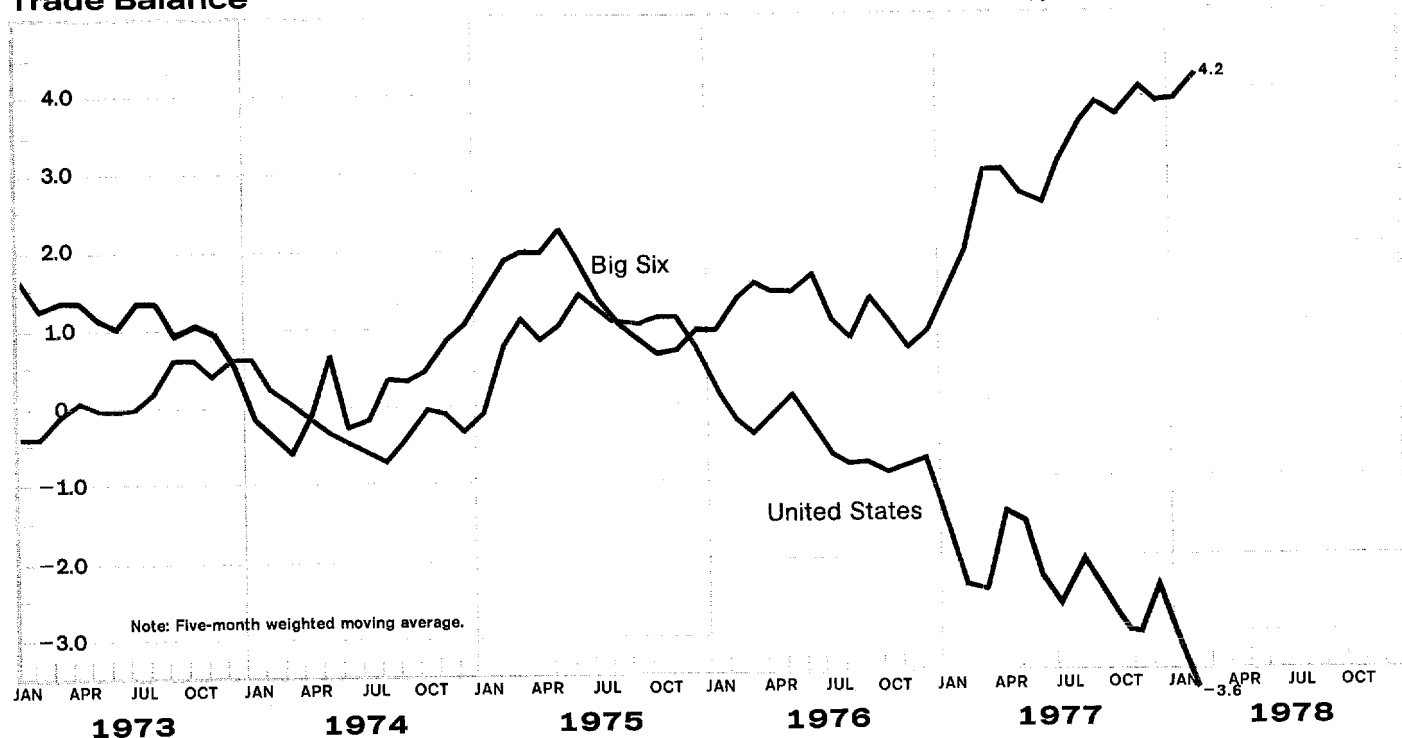
Consumer Price Inflation

Percent, seasonally adjusted, annual rate



Trade Balance

Billion US \$, f.o.b., seasonally adjusted



	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE 1970			Unemployment Rate Big Five United States	LATEST MONTH		1 Year Earlier		3 Months Earlier
			1970	1 Year Earlier	3 Months Earlier ²		APR 78	4.3	4.2	4.2	
Industrial Production							APR 78	6.0	7.1		6.3
Big Six	MAR 78	0.8	2.9	0.5	7.6						
United States	MAR 78	1.3	3.5	4.2	1.1						
Consumer Prices											
Big Six	APR 78	0.3	9.2	6.5	6.0						
United States	APR 78	0.9	6.6	6.6	8.5						
							LATEST MONTH	MILLION US \$	CUMULATIVE (MILLION US \$)		
									1978	1977	Change
						Trade Balance					
						Big Six	FEB 78	5,140	7,790	3,178	4,612
						United States	FEB 78	-4,518	-6,884	-3,495	-3,389

²Average for latest 3 months compared with average for previous 3 months, seasonally adjusted at annual rate.

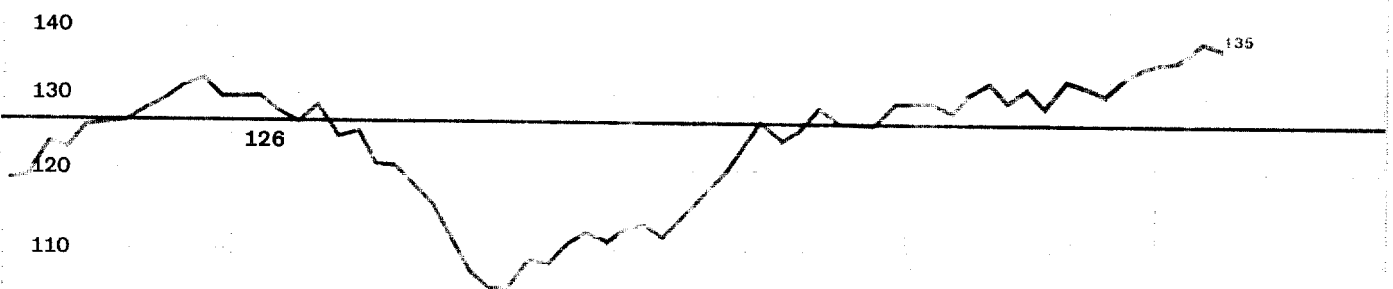
INDUSTRIAL PRODUCTION INDEX: 1970=100, seasonally adjusted

United States

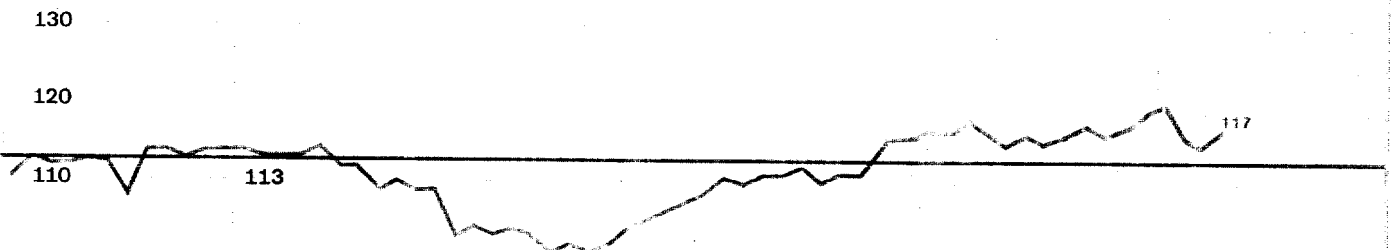
Semilogarithmic Scale



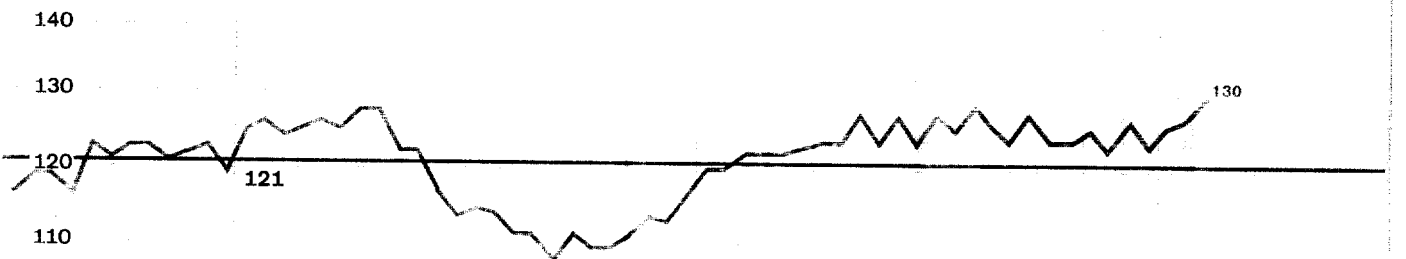
Japan



West Germany



France

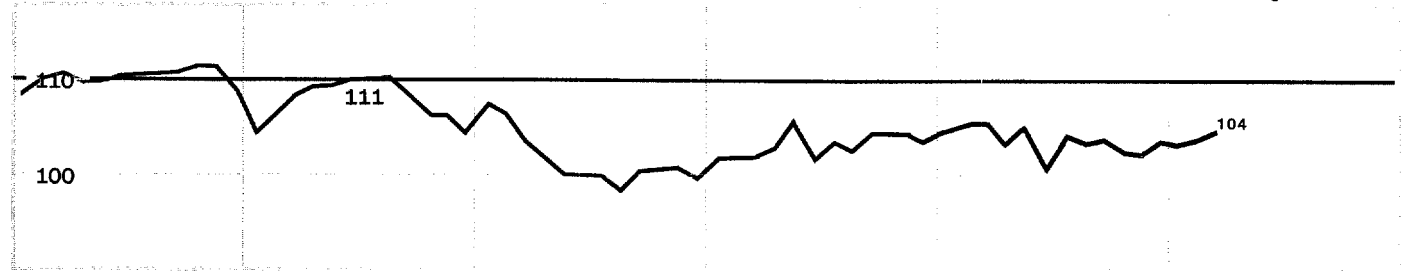


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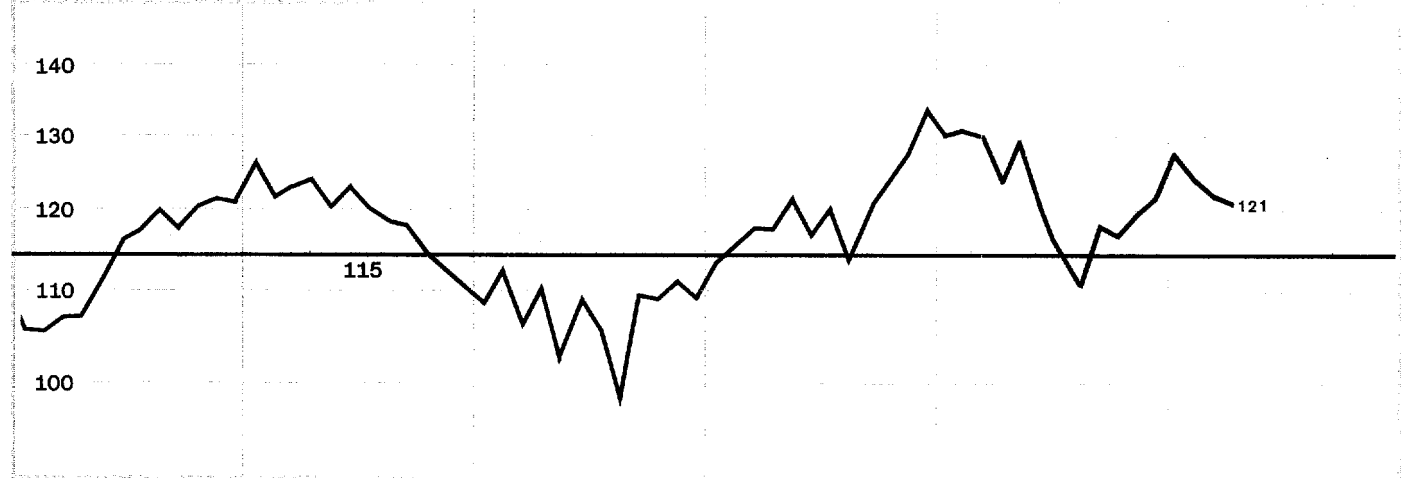
1973 1974 1975 1976 1977 1978

United Kingdom

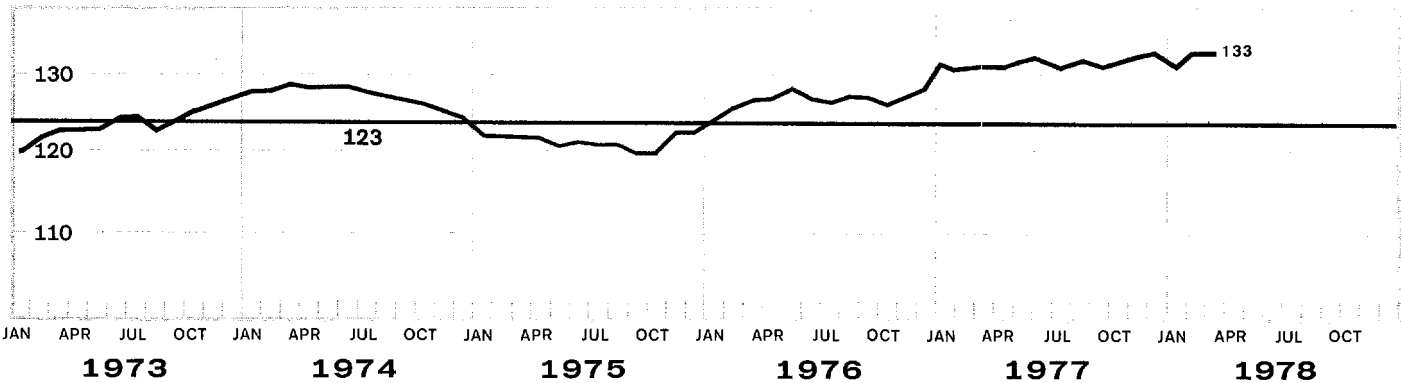
Semilogarithmic Scale



Italy



Canada



	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE		
			1970	1 Year Earlier	3 Months Earlier ¹
United States	APR 78	1.1	3.6	4.7	4.8
Japan	APR 78	-0.4	4.0	4.9	10.0
West Germany	APR 78	1.7	2.0	0.9	-8.7
France	MAR 78	2.4	3.5	0.8	11.2

	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE		
			1970	1 Year Earlier	3 Months Earlier ¹
United Kingdom	MAR 78	0.6	0.6	-0.9	4.1
Italy	APR 78	-1.4	2.5	-2.4	-2.0
Canada	MAR 78	0	3.8	1.7	0.3

¹Average for latest 3 months compared with average for previous 3 months.

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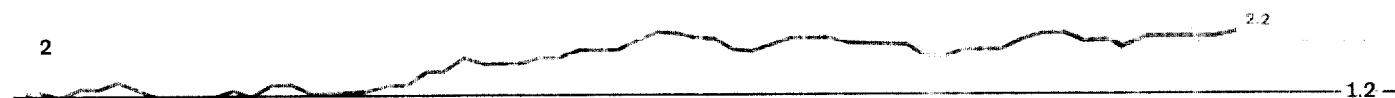
UNEMPLOYMENT RATE

PERCENT

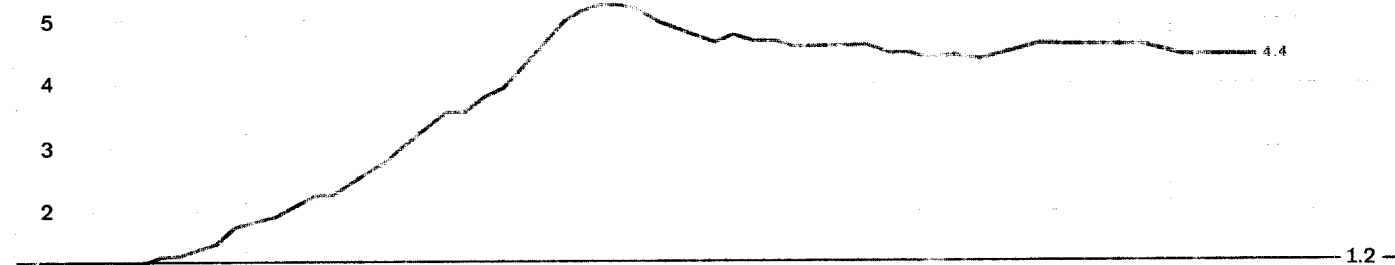
United States



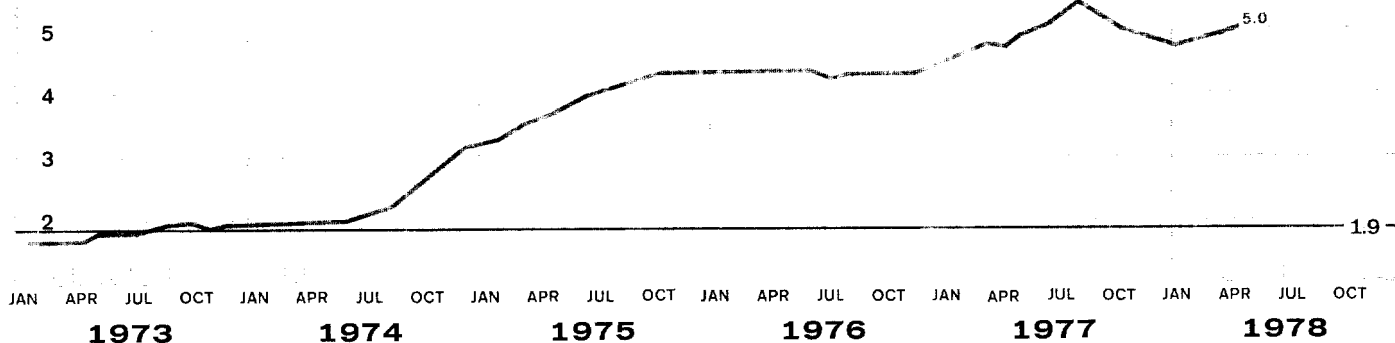
Japan

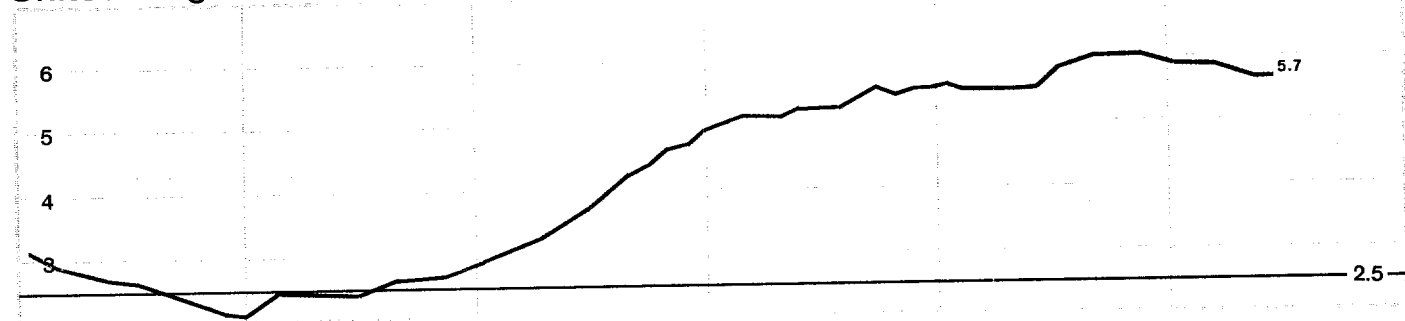
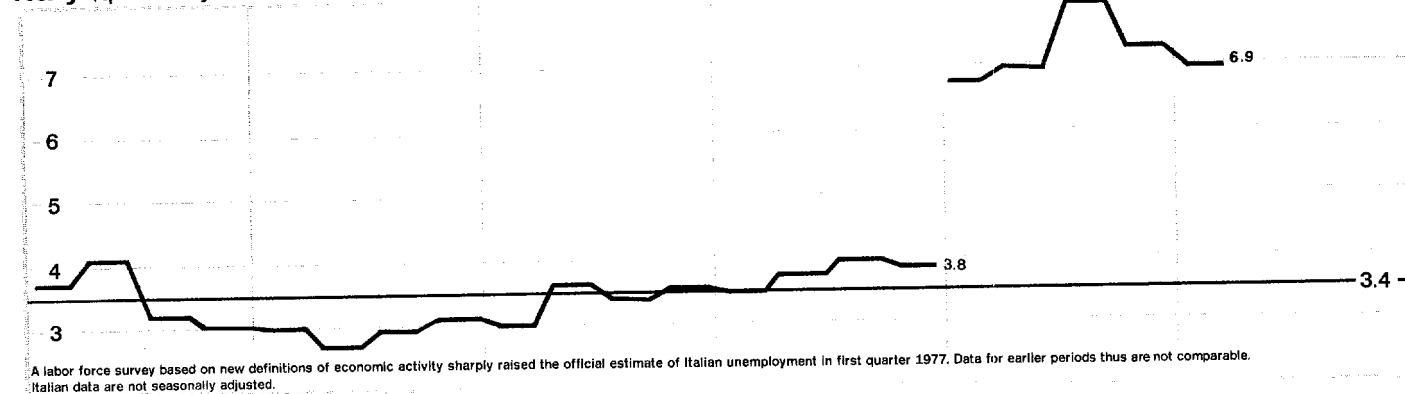
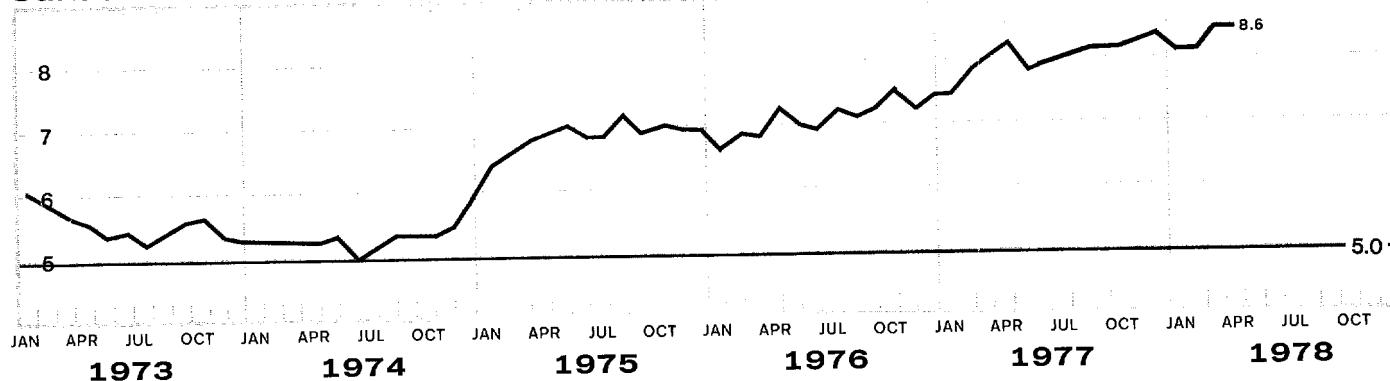


West Germany



France



United Kingdom**Italy (quarterly)****Canada****THOUSANDS OF PERSONS UNEMPLOYED**

			1 Year Earlier	3 Months Earlier		LATEST MONTH	1 Year Earlier	3 Months Earlier
United States	MAY 78	6,149	6,894	6,090	United Kingdom	JUN 78	1,365	1,353
Japan	APR 78	1,220	1,020	1,130	Italy	I 78	1,520	1,459
West Germany	MAY 78	997	1,040	1,012	Canada	APR 78	935	868
France	APR 78	1,087	1,037	1,023				

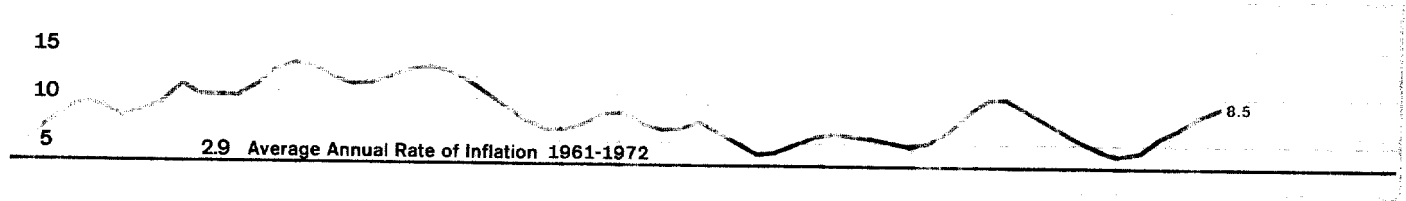
NOTE: Data are seasonally adjusted. Unemployment rates for France are estimated. The rates shown for Japan and Canada are roughly comparable to US rates. For 1975-78, the rates for France and the United Kingdom should be increased by 5 percent and 15 percent respectively, and those for West Germany decreased by 20 percent to be roughly comparable with US rates. Beginning in 1977, Italian rates should be decreased by 50 percent to be roughly comparable to US rates.

576447 6-78

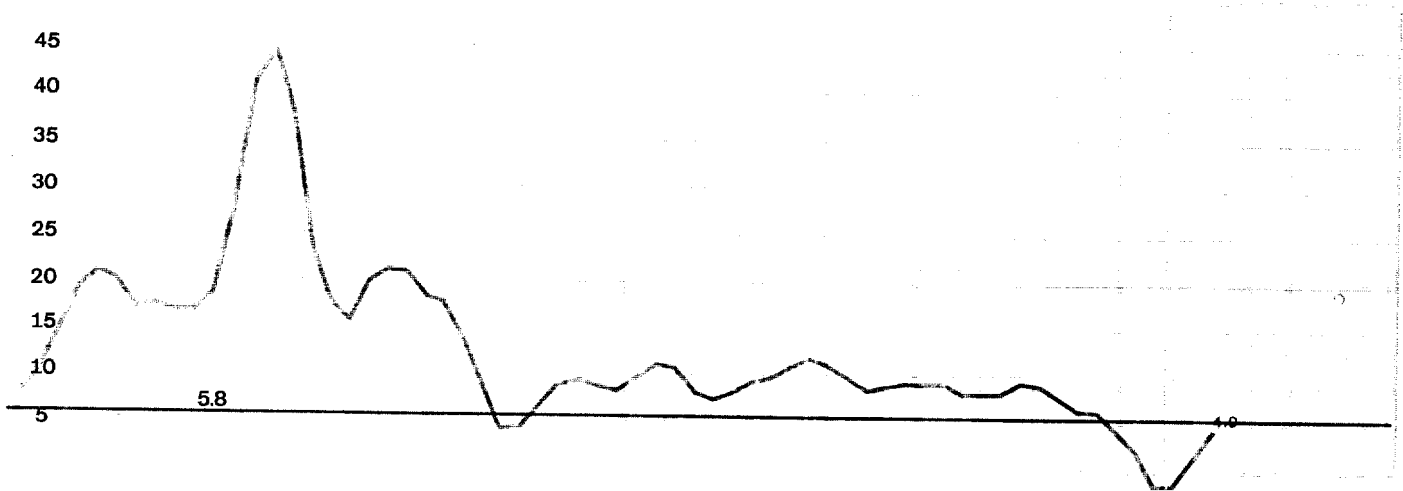
CONSUMER PRICE INFLATION

Percent, seasonally adjusted,
annual rate¹

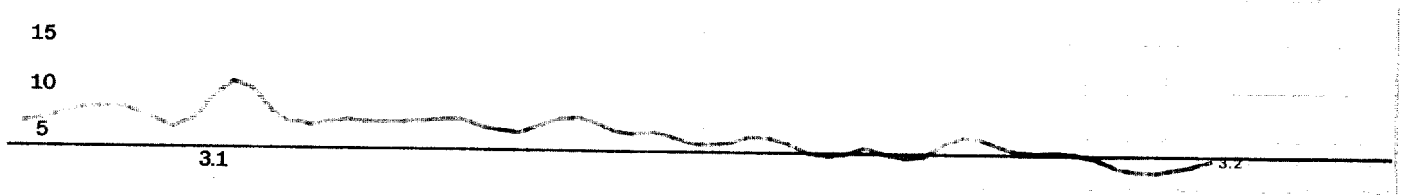
United States



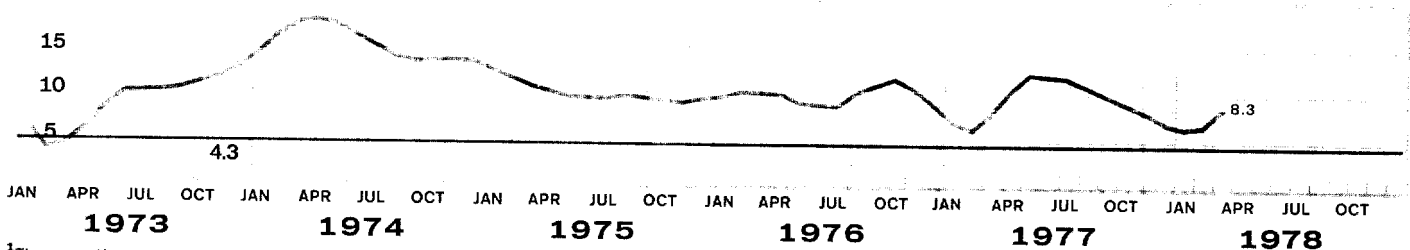
Japan



West Germany

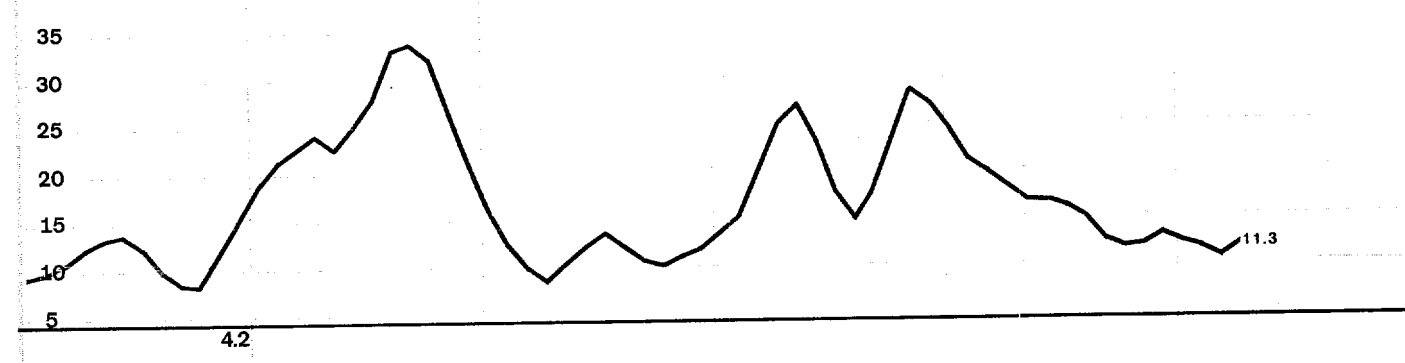
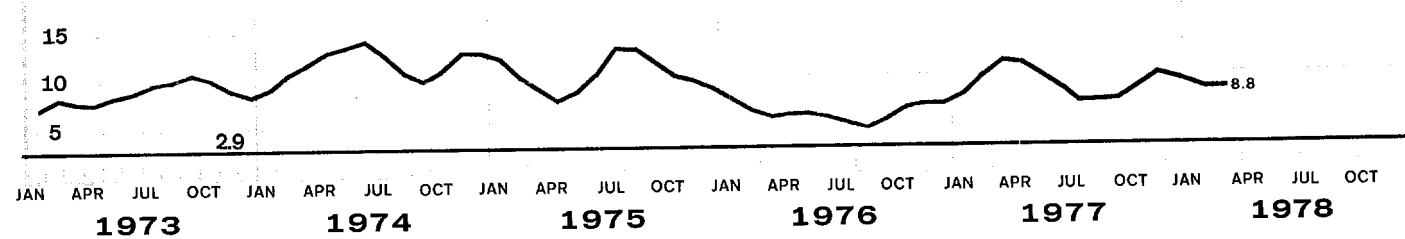


France



JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT
1973 1974 1975 1976 1977 1978

¹Three-month average compared with previous three months.

United Kingdom**Italy****Canada**

JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT

1973 1974 1975 1976 1977 1978

	LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE				LATEST MONTH	Percent Change from Previous Month	AVERAGE ANNUAL GROWTH RATE SINCE		
			1970	1 Year Earlier	3 Months Earlier ²				1970	1 Year Earlier	3 Months Earlier ²
United States	APR 78	0.9	6.6	6.6	8.5	United Kingdom	MAY 78	0.4	13.2	7.7	6.0
Japan	APR 78	-0.1	9.8	3.9	4.0	Italy	MAY 78	1.2	13.1	12.3	11.3
West Germany	APR 78	0.1	5.3	2.9	3.2	Canada	APR 78	0.3	7.6	8.4	8.8
France	APR 78	0.9	9.0	9.0	8.3						

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²Average for latest 3 months compared with average for previous 3 months, seasonally adjusted at annual rate.

Constant Market Prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since		
			1970	1 Year Earlier	Previous Quarter
United States	78 I	-0.1	3.1	3.6	-0.6
Japan	78 I	2.4	5.5	5.7	10.0
West Germany	78 I	0.2	2.5	1.2	0.8
France	77 IV	1.4	3.8	3.4	5.8
United Kingdom	77 IV	-0.5	1.6	-1.1	-1.9
Italy	77 IV	-3.7	1.7	-5.9	-13.9
Canada	77 IV	0.8	4.6	4.0	3.4

¹ Seasonally adjusted.

Constant Prices

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier ²
United States	Mar 78	1.4	3.2	1.0	-8.2
Japan	Jan 78	2.9	9.2	1.0	-2.8
West Germany	Mar 78	1.7	2.6	1.7	2.2
France	Jan 78	9.9	0	1.0	10.5
United Kingdom	May 78	2.2	1.2	5.6	5.2
Italy	Feb 78	1.3	2.8	2.1	5.9
Canada	Mar 78	-1.2	4.1	2.0	4.1

¹ Seasonally adjusted.² Average for latest 3 months compared with average for previous 3 months.FIXED INVESTMENT¹

Nonresidential; constant prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since		
			1970	1 Year Earlier	Previous Quarter
United States	78 I	0.4	2.2	4.1	1.6
Japan	78 I	0.9	1.1	-0.4	3.6
West Germany	77 IV	1.6	0.8	2.8	6.7
France	77 IV	0.8	4.0	4.7	3.3
United Kingdom	77 IV	-1.5	1.3	4.1	-5.9
Italy	78 I	5.3	1.7	-11.4	22.7
Canada	77 IV	-3.7	5.0	-7.5	-14.1

¹ Seasonally adjusted.WAGES IN MANUFACTURING¹

	Latest Period	Percent Change from Previous Period	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier ²
United States	Apr 78	0.8	7.6	8.3	7.5
Japan	Jan 78	1.2	16.3	9.4	4.7
West Germany	77 IV	0.3	9.1	7.4	1.1
France	77 IV	3.1	14.1	12.0	12.9
United Kingdom	Jan 78	0.5	14.7	3.3	2.7
Italy	Apr 78	0	20.1	17.4	13.4
Canada	Mar 78	0.9	11.0	8.9	7.3

¹ Hourly earnings (seasonally adjusted) for the United States, Japan, and Canada; hourly wage rates for others. West German and French data refer to the beginning of the quarter.² Average for latest 3 months compared with that for previous 3 months.

MONEY MARKET RATES

				Percent Rate of Interest		
Representative rates		Latest Date		1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Commercial paper	Jun 21	7.66	5.40	6.76	7.14
Japan	Call money	Jun 23	4.13	5.63	4.25	4.12
West Germany	Interbank loans (3 months)	Jun 21	3.62	4.23	3.50	3.60
France	Call money	Jun 23	7.38	8.75	8.75	7.75
United Kingdom	Sterling interbank loans (3 months)	Jun 21	10.16	7.75	6.59	9.55
Canada	Finance paper	Jun 21	8.14	7.14	7.55	8.00
Eurodollars	Three-month deposits	Jun 21	8.48	5.80	7.24	7.86

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier
United States	Mar 78	-0.1	9.3	3.8	7.6
Japan	May 78	1.1	12.2	23.6	45.4
West Germany	Mar 78	1.0	12.0	15.6	9.9
France	Feb 78	-0.5	11.4	9.9	22.7
United Kingdom	Apr 78	-2.7	11.4	17.0	-12.7
Italy	Oct 77	-0.6	10.9	12.7	0.2
Canada	Mar 78	12.8	10.1	14.7	62.2

EXPORT PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier
United States	Mar 78	-0.1	9.3	3.8	7.6
Japan	May 78	3.1	5.8	0.7	14.3
West Germany	Mar 78	-0.7	3.8	-1.5	-11.6
France	Feb 78	1.5	9.3	6.4	19.5
United Kingdom	Apr 78	0.9	15.3	9.0	5.7
Italy	Oct 77	-0.9	16.3	16.0	-0.7
Canada	Mar 78	1.3	9.4	9.1	11.9

IMPORT PRICES

National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier
United States	Mar 78	2.0	13.1	7.8	27.5
Japan	May 78	-5.3	7.1	-17.0	-12.3
West Germany	Mar 78	1.9	3.6	-1.9	-0.9
France	Feb 78	1.9	9.9	3.8	12.5
United Kingdom	Apr 78	1.6	17.7	1.9	11.5
Italy	Dec 77	-0.7	19.5	9.7	-13.1
Canada	Feb 78	0.7	9.3	16.3	22.8

OFFICIAL RESERVES

	Latest Month	Billion US \$			
		End of	Jun 1970	1 Year Earlier	3 Months Earlier
United States	Apr 78	18.8	14.5	18.9	19.5
Japan	May 78	27.7	4.1	17.3	24.2
West Germany	Apr 78	41.3	8.8	34.6	40.7
France	Apr 78	10.6	4.4	10.0	0.1
United Kingdom	Apr 78	17.7	2.8	10.2	21.4
Italy	Mar 78	10.6	4.7	6.4	11.6
Canada	May 78	4.7	9.1	5.2	3.7

CURRENT ACCOUNT BALANCE ¹

	Latest Period	Cumulative (Million US \$)			
		Million US \$	1977	1976	Change
United States ²	77 IV	-7,030	-20,115	-1,430	-18,685
Japan	May 78	750	17,606	5,884	11,722
West Germany	Apr 78	841	3,584	2,659	926
France	77 IV	136	-3,179	-5,721	2,541
United Kingdom	77 IV	682	-14	-2,172	2,157
Italy	77 III	2,390	1,629	-2,028	3,657
Canada	77 IV	-666	-4,020	-4,230	210

¹ Converted to US dollars at the current market rates of exchange.

² Seasonally adjusted.

BASIC BALANCE ¹

Current Account and Long Term-Capital Transactions

	Latest Period	Cumulative (Million US \$)			
		Million US \$	1977	1976	Change
United States		No longer published ²			
Japan	May 78	-700	14,373	3,862	10,511
West Germany	Mar 78	2,026	-1,648	2,472	-4,120
France	77 IV	149	-3,218	-6,842	3,624
United Kingdom	77 IV	1,389	5,353	-2,254	7,607
Italy	77 III	2,520	2,128	-2,083	4,211
Canada	77 IV	-266	84	3,751	-3,667

¹ Converted to US dollars at the current market rates of exchange.

² As recommended by the Advisory Committee on the Presentation of Balance of Payments Statistics, the Department of Commerce no longer publishes a basic balance.

EXCHANGE RATES

Spot Rate

As of 23 Jun 78

	US \$ Per Unit	Percent Change from			
		19 Mar 73	1 Year Earlier	3 Months Earlier	1 Week Earlier
Japan (yen)	0.0048	25.48	30.03	6.61	3.22
West Germany (Deutsche mark)	0.4812	35.90	13.28	-2.86	0.88
France (franc)	0.2191	-0.58	8.30	0.03	0.90
United Kingdom (pound sterling)	1.8465	-24.97	7.39	-0.83	0.86
Italy (lira)	0.0012	-34.07	3.27	-0.68	0.52
Canada (dollar)	0.8893	-10.86	-5.95	0.91	-0.46

TRADE-WEIGHTED EXCHANGE RATES ¹

As of 23 Jun 78

	Percent Change from			
	19 Mar 73	1 Year Earlier	3 Months Earlier	1 Week Earlier
United States	-0.39	-6.02	-0.97	-0.80
Japan	30.46	27.69	6.96	3.02
West Germany	30.76	5.02	-1.47	0.13
France	-8.52	-0.54	1.99	0.14
United Kingdom	-29.74	1.07	0.20	0.21
Italy	-41.69	-5.34	0.77	-0.25
Canada	-11.09	-8.39	0.76	-0.76

¹ Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange rate variations among the major currencies.

Developed Countries: Direction of Trade ¹

Billion US \$

	Exports to (f.o.b.)						Imports from (c.i.f.)					
	World	Big Seven	Other OECD	OPEC	Com-munist	Other	World	Big Seven	Other OECD	OPEC	Com-munist	Other
UNITED STATES												
1975	107.65	46.94	16.25	10.77	3.37	29.82	103.42	49.81	8.83	18.70	0.98	25.08
1976	115.01	51.30	17.68	12.57	3.64	29.44	129.57	60.39	9.75	27.17	1.16	31.09
1977	120.17	53.92	18.53	14.02	2.72	30.98	156.70	70.48	11.08	35.45	1.22	38.47
1st Qtr	29.46	13.75	4.73	3.13	0.86	6.99	37.37	16.07	2.76	8.97	0.30	9.27
2d Qtr	31.67	14.39	4.81	3.69	0.71	8.07	40.45	18.14	2.77	9.31	0.35	9.88
3d Qtr	28.75	12.23	4.39	3.58	0.47	8.08	39.50	17.73	2.78	8.92	0.32	9.75
4th Qtr	30.29	13.55	4.60	3.62	0.68	7.84	39.38	18.54	2.77	8.25	0.25	9.57
JAPAN												
1975	55.73	16.56	6.07	8.42	5.16	15.87	57.85	16.93	6.08	19.40	3.36	12.05
1976	67.32	22.61	8.59	9.27	4.93	17.84	64.89	17.58	7.78	21.88	2.91	14.72
1977	81.11	28.02	9.73	12.03	5.32	26.01	71.33	18.87	7.93	24.33	3.41	16.79
1st Qtr	17.89	5.89	2.45	2.46	1.36	5.73	17.44	4.72	1.84	6.24	0.79	3.85
2d Qtr	19.73	6.73	2.41	2.91	1.19	6.49	17.88	4.88	2.10	5.74	0.86	4.30
3d Qtr	20.63	7.40	2.47	3.05	1.33	6.38	17.63	4.68	1.84	5.88	0.84	4.39
4th Qtr	22.86	8.00	2.40	3.61	1.44	7.41	18.38	4.59	2.15	6.47	0.92	4.25
1978												
Jan	5.66	2.18	0.65	0.78	0.29	1.76	6.00	1.57	0.73	2.14	0.27	1.29
WEST GERMANY												
1975	91.70	28.33	36.44	6.78	8.81	11.05	76.28	27.09	27.78	8.24	4.87	8.21
1976	103.63	33.44	41.86	8.25	8.72	11.04	89.68	31.28	32.64	9.73	5.93	10.01
1977	119.28	39.01	48.00	10.78	8.59	12.90	102.63	36.38	37.37	10.12	6.14	12.62
1st Qtr	28.19	9.28	11.62	2.31	2.11	2.87	24.45	8.46	8.85	2.58	1.42	3.14
2d Qtr	29.20	9.59	11.79	2.69	2.07	3.06	25.21	9.09	9.04	2.43	1.54	3.11
3d Qtr	28.75	9.20	11.45	2.71	2.26	3.13	25.27	8.99	8.97	2.54	1.65	3.12
4th Qtr	33.14	10.94	13.14	3.07	2.15	3.84	27.70	9.84	10.51	2.57	1.53	3.25
FRANCE												
1975	52.87	20.00	15.50	4.90	3.13	8.61	53.99	23.04	14.33	9.43	1.94	5.21
1976	57.05	22.49	16.15	5.08	3.23	8.75	64.38	27.81	16.93	11.36	2.24	6.01
1977	65.00	25.90	18.19	5.97	3.00	11.94	70.50	30.28	18.24	11.82	2.46	7.70
1st Qtr	15.68	6.25	4.55	1.40	0.75	2.73	17.89	7.50	4.84	3.06	0.52	1.97
2d Qtr	16.69	6.60	4.79	1.57	0.83	2.90	17.96	7.84	4.71	2.65	0.61	2.15
3d Qtr	14.75	6.02	4.08	1.32	0.67	2.66	16.14	6.99	3.85	2.87	0.62	1.81
4th Qtr	17.88	7.03	4.77	1.68	0.75	3.65	18.51	7.95	4.84	3.24	0.71	1.77
1978												
Jan	5.49	2.21	1.49	0.52	0.19	1.08	6.29	2.69	1.71	1.00	0.21	0.68
UNITED KINGDOM												
1975	44.03	12.55	16.59	4.55	1.56	8.64	53.35	18.47	18.52	6.91	1.68	7.67
1976	46.12	14.03	17.53	5.13	1.39	7.92	55.56	19.66	18.81	7.29	2.08	7.65
1977	57.44	16.99	22.56	6.78	1.63	9.48	63.29	24.02	21.34	6.31	2.40	9.22
1st Qtr	13.14	4.02	5.16	1.51	0.35	2.10	15.45	5.80	5.12	1.78	0.49	2.26
2d Qtr	14.35	4.20	5.72	1.69	0.44	2.30	16.52	6.02	5.73	1.70	0.58	2.49
3d Qtr	14.59	4.47	5.55	1.75	0.46	2.36	15.20	6.05	4.74	1.44	0.66	2.31
4th Qtr	15.36	4.30	6.13	1.83	0.38	2.72	16.12	6.15	5.75	1.39	0.67	2.16
1978												
Jan	5.22	1.58	1.92	0.68	0.14	0.90	6.27	2.42	2.27	0.64	0.18	0.76
ITALY												
1975	34.82	15.61	7.86	3.72	2.46	4.67	38.36	17.32	6.75	7.85	2.09	4.34
1976	36.96	17.41	8.69	4.23	2.18	3.96	43.42	19.35	8.04	8.12	2.65	5.24
1977												
1st Qtr	9.80	4.56	2.30	1.26	0.53	1.15	11.37	5.00	2.14	2.18	0.60	1.45
2d Qtr	11.47	5.33	2.61	1.51	0.60	1.42	12.49	5.51	2.24	2.50	0.64	1.60
3d Qtr	10.93	5.01	2.51	1.41	0.63	1.37	10.55	4.39	1.80	2.10	0.73	1.53
Oct & Nov	7.73	3.68	1.66	0.99	0.40	1.00	7.97	3.52	1.48	1.34	0.53	1.10

Developed Countries: Direction of Trade ¹
(Continued)

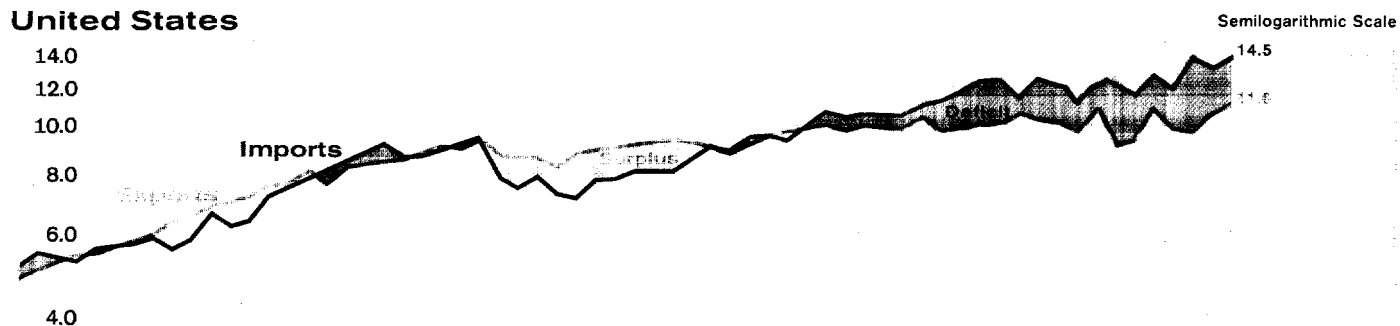
Billion US \$

	Exports to (f.o.b.)						Imports from (c.i.f.)					
	World	Big Seven	Other OECD	OPEC	Communist	Other	World	Big Seven	Other OECD	OPEC	Communist	Other
CANADA												
1975	33.84	26.30	1.73	0.71	1.20	2.00	38.59	29.78	1.70	3.43	0.32	2.02
1976	40.18	32.01	2.03	0.81	1.25	2.09	43.05	33.55	1.82	3.48	0.38	2.56
1977	42.98	34.77	2.13	0.94	1.06	4.08	44.67	35.67	1.77	3.05	0.33	3.85
1st Qtr	10.35	8.37	0.53	0.23	0.22	1.00	10.92	8.64	0.43	0.82	0.09	0.94
2d Qtr	11.34	9.23	0.54	0.24	0.29	1.04	12.28	9.92	0.47	0.74	0.10	1.05
3d Qtr	10.25	8.12	0.54	0.23	0.29	1.07	10.38	8.17	0.43	0.82	0.07	0.89
4th Qtr	11.04	9.05	0.52	0.24	0.26	0.97	11.09	8.94	0.44	0.67	0.07	0.97

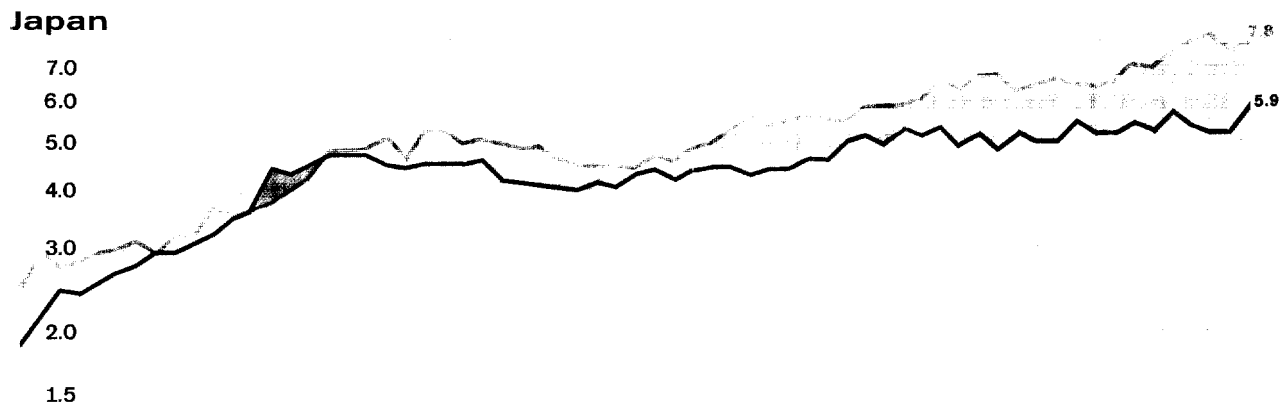
¹ Source: International Monetary Fund, Direction of Trade.

FOREIGN TRADE BILLION US \$, f.o.b., seasonally adjusted

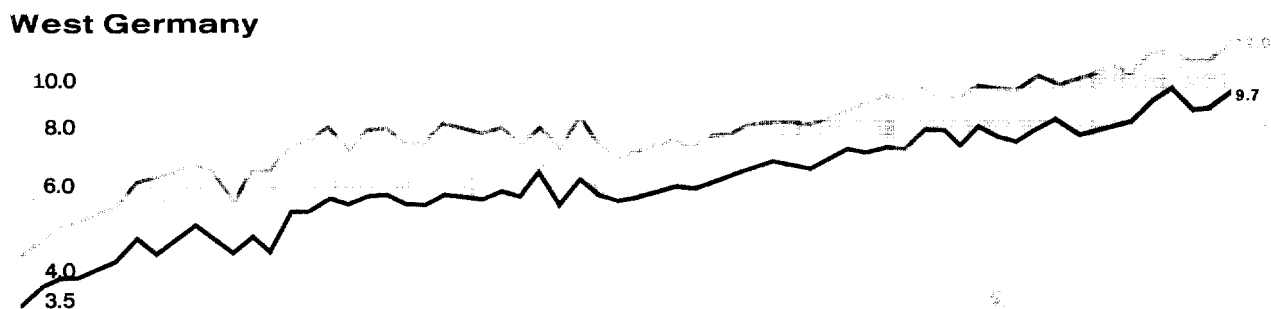
United States



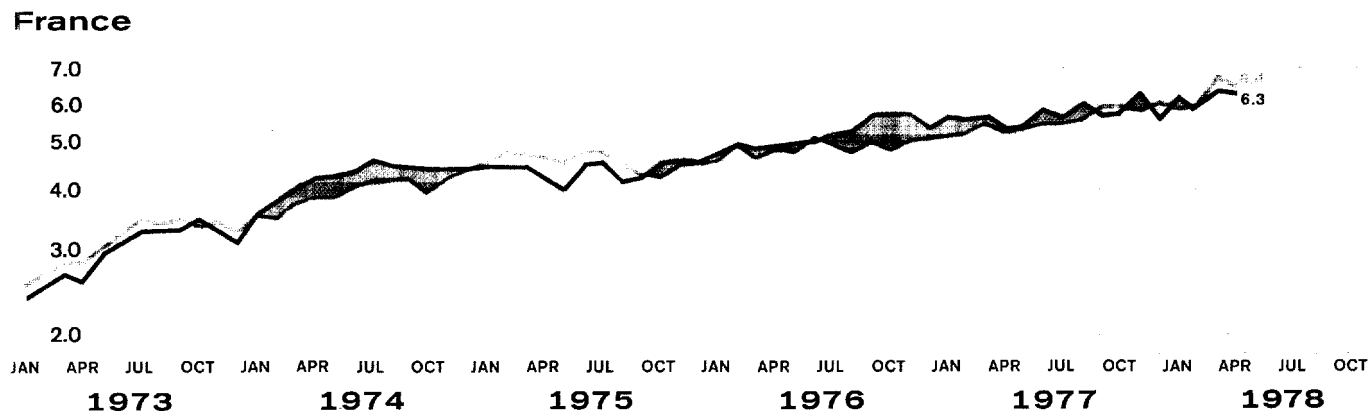
Japan



West Germany

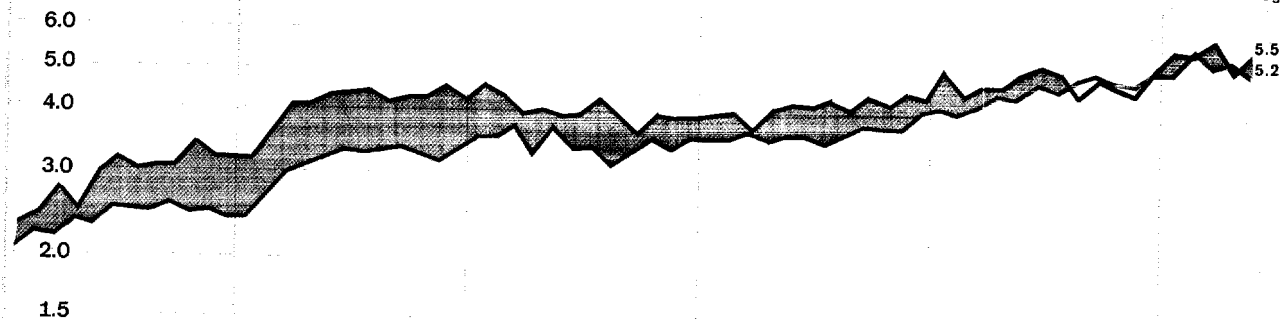


France

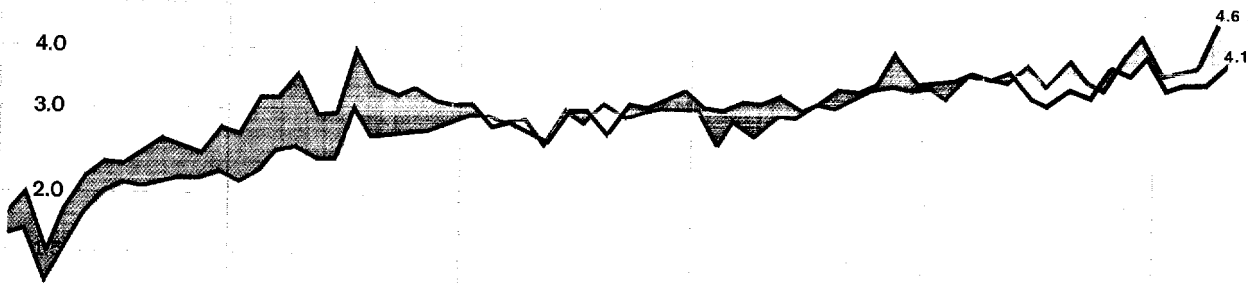


United Kingdom

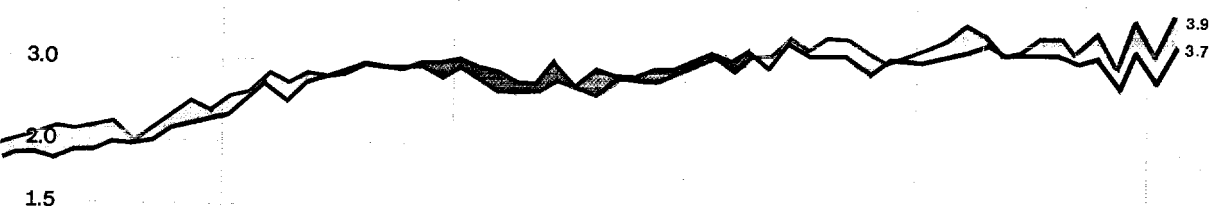
Semilogarithmic Scale



Italy



Canada



JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT JAN APR JUL OCT

1973 1974 1975 1976 1977 1978

	LATEST MONTH	MILLION US \$	CUMULATIVE (MILLION US \$)		
			1978	1977	CHANGE
United States	APR 78	11,635	42,484	39,678	7.1%
		14,496	55,016	47,278	16.4%
	Balance	-2,861	-12,533	-7,600	-4,933
Japan	MAY 78	7,848	39,330	32,397	21.4%
		5,940	27,515	25,370	8.5%
	Balance	1,907	11,815	7,027	4,787
West Germany	APR 78	12,015	44,720	37,423	19.5%
		9,694	37,286	31,124	19.8%
	Balance	2,321	7,434	6,299	1,135
France	APR 78	6,416	24,665	20,659	19.4%
		6,279	24,652	21,770	13.2%
	Balance	138	13	-1,111	1,124

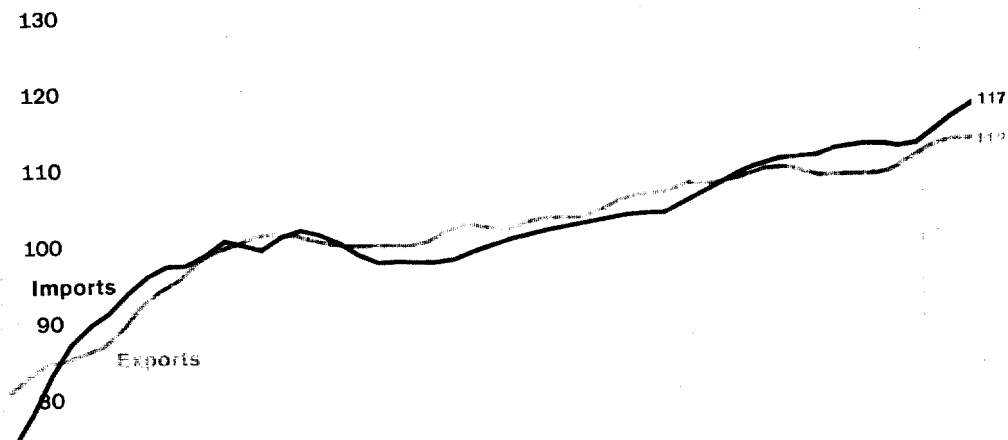
	LATEST MONTH	MILLION US \$	CUMULATIVE (MILLION US \$)		
			1978	1977	CHANGE
United Kingdom	MAY 78	5,231	27,077	21,791	24.3%
		5,538	27,973	24,164	15.8%
	Balance	-307	-896	-2,372	1,476
Italy	APR 78	4,650	16,050	14,034	14.4%
		4,053	14,955	14,756	1.3%
	Balance	598	1,095	-722	1,817
Canada	FEB 78	3,946	7,175	6,761	6.1%
		3,710	6,680	6,509	2.6%
	Balance	235	495	252	243

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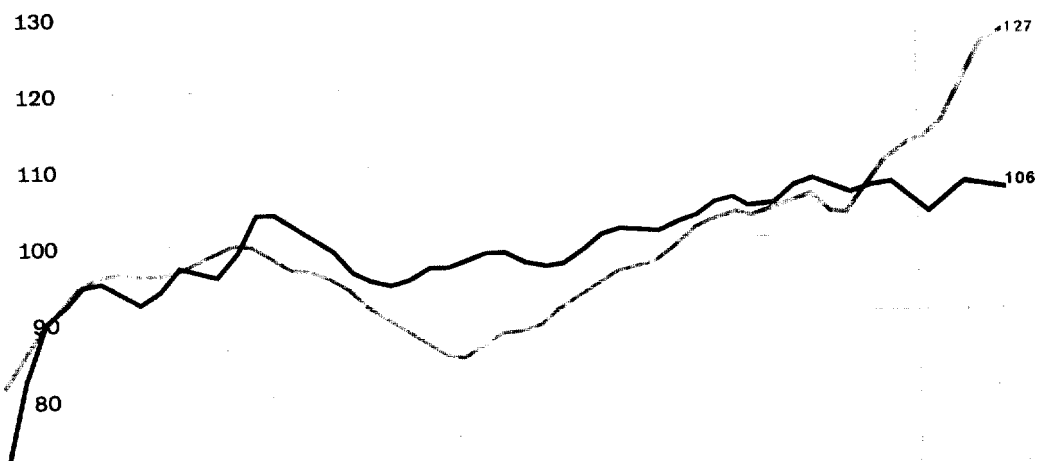
FOREIGN TRADE PRICES IN US \$¹

United States

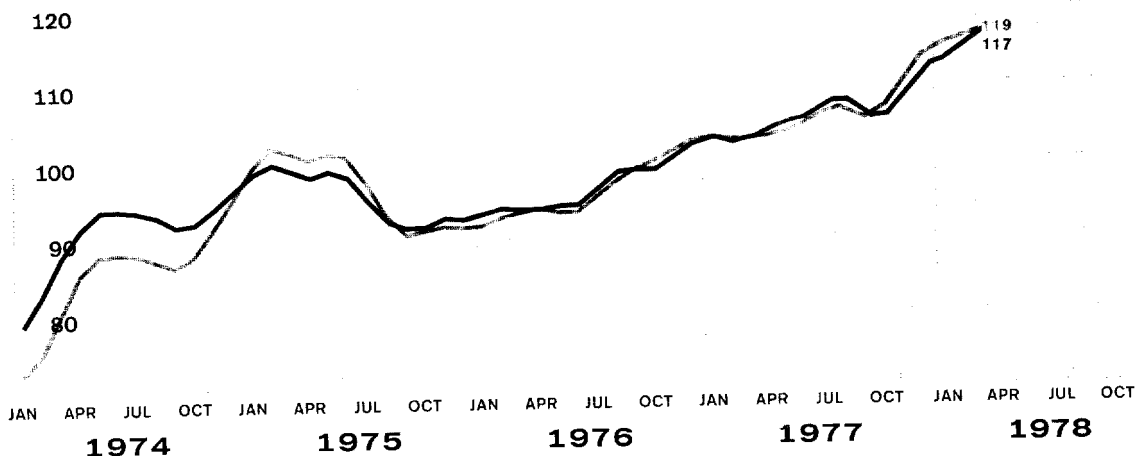
INDEX: JAN 1975 = 100



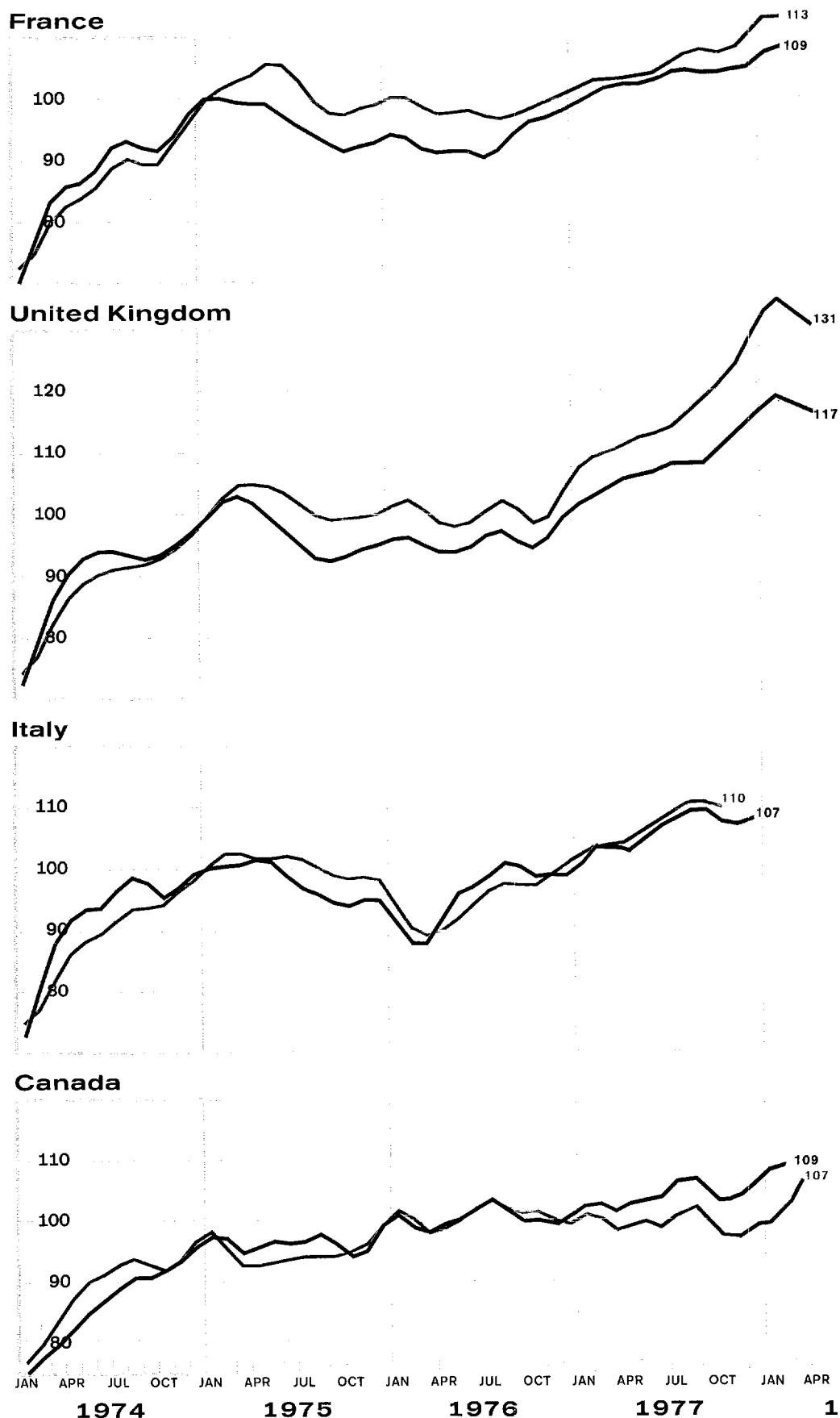
Japan



West Germany



¹Export and import plots are based on five-month weighted moving averages.



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INDUSTRIAL PRODUCTION ¹

	Latest Period	Percent Change from Previous Period	Average Annual Growth Rate Since		
			Percent Change		
			1970	1 Year Earlier	3 Months Earlier ²
India	Dec 77	3.3	4.7	4.6	2.5
South Korea	Feb 78	-2.7	22.1	21.4	23.8
Mexico	Feb 78	1.4	5.9	11.2	3.3
Nigeria	76 IV	0.2	11.3	9.0	0.7
Taiwan	Apr 78	1.5	15.3	17.4	- 2.0

¹ Seasonally adjusted.

² Average for latest 3 months compared with average for previous 3 months.

MONEY SUPPLY ¹

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since		
			Percent Change		
			1970	1 Year Earlier	3 Months Earlier ²
Brazil	Jan 78	4.2	36.6	44.5	19.9
India	Dec 77	1.0	13.8	13.6	26.1
Iran	Feb 78	0.8	28.1	27.7	30.3
South Korea	Mar 78	0.9	31.7	38.8	32.2
Mexico	Mar 78	3.0	20.5	30.5	40.3
Nigeria	Apr 77	-2.3	36.9	47.5	99.7
Taiwan	Mar 78	5.3	25.2	31.0	24.3
Thailand	Nov 77	3.3	13.1	12.3	4.7

¹ Seasonally adjusted.

² Average for latest 3 months compared with average for previous 3 months.

CONSUMER PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since	
			Percent Change	
			1970	1 Year Earlier
Brazil	May 78	3.2	28.0	36.0
India	Jan 78	-1.5	7.8	5.9
Iran	Mar 78	2.3	12.5	17.6
South Korea	Apr 78	-0.1	14.4	12.6
Mexico	May 78	1.0	15.0	17.2
Nigeria	Dec 77	3.2	16.6	31.0
Taiwan	Apr 78	1.8	10.1	7.6
Thailand	Feb 78	1.5	8.6	10.2

WHOLESALE PRICES

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since	
			Percent Change	
			1970	1 Year Earlier
Brazil	May 78	3.4	28.4	34.5
India	Mar 78	0.8	8.1	-0.6
Iran	Mar 78	3.2	11.1	12.5
South Korea	Apr 78	0.6	16.0	10.9
Mexico	May 78	2.5	16.5	16.3
Taiwan	Mar 78	1.1	8.2	1.2
Thailand	Dec 77	0	9.6	7.3

EXPORT PRICES

US \$

	Latest Period	Percent Change from Previous Period	Average Annual Growth Rate Since	
			Percent Change	
			1970	1 Year Earlier
Brazil	Dec 77	2.0	13.7	-15.8
India	Mar 77	-0.9	9.6	17.9
Iran	Mar 78	0	32.0	0
South Korea	77 IV	4.6	8.9	8.8
Nigeria	May 76	-0.1	27.3	12.3
Taiwan	Mar 78	-0.7	11.2	3.8
Thailand	Dec 76	2.0	13.3	13.1

OFFICIAL RESERVES

	Latest Month	Million US \$	Million US \$		
			Annual Growth Rate Since		
			1970	1 Year Earlier	3 Months Earlier
Brazil	Jan 78	6,757	1,013	6,193	6,041
India	Feb 78	5,563	1,006	3,481	5,069
Iran	Apr 78	12,584	208	10,548	12,848
South Korea	Apr 78	4,116	602	3,247	4,418
Mexico	Jan 78	1,909	695	1,507	1,720
Nigeria	Apr 78	3,768	148	4,784	3,900
Taiwan	Mar 78	1,433	531	1,349	1,447
Thailand	Apr 78	2,138	978	2,006	1,950

FOREIGN TRADE, f.o.b.

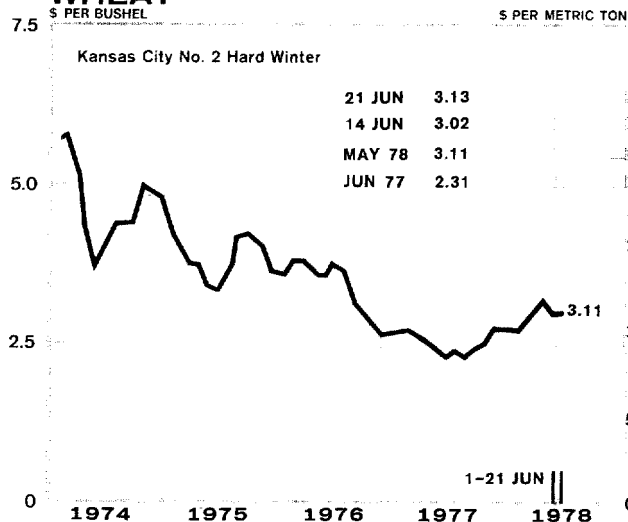
			Latest 3 Months Percent Change from		Cumulative (Million US \$)		
Latest Period			3 Months Earlier ¹	1 Year Earlier	1977	1976	Change
Brazil	Apr 78	Exports	19.0	0.5	12,137	10,128	19.8%
	Apr 78	Imports	7.7	5.8	11,999	12,346	-2.8%
	Apr 78	Balance			138	-2,218	2,356
Egypt	76 IV	Exports	3,781.6	240.7			
	76 IV	Imports	11,741.0	195.7			
	76 IV	Balance					
India	Dec 77	Exports	-22.1	13.9	6,142	5,050	21.6%
	Dec 77	Imports	14.4	25.9	5,365	4,548	18.0%
	Dec 77	Balance			776	502	274
Iran	Mar 78	Exports	-36.7	-4.4	24,237	23,475	3.2%
	Jan 78	Imports	20.5	21.0	12,561	11,513	9.1%
	Jan 78	Balance			11,676	11,962	-286
South Korea	Mar 78	Exports	-36.9	28.4	10,046	7,715	30.2%
	Mar 78	Imports	-5.5	29.5	10,526	8,405	25.2%
	Mar 78	Balance			-480	-690	210
Mexico	Feb 78	Exports	91.6	14.9	4,092.9	3,315.8	23.4%
	Feb 78	Imports	-47.3	23.8	5,487.5	6,029.6	-9.0%
	Feb 78	Balance			-1,394.6	-2,713.8	1,319.2
Nigeria	Dec 77	Exports	-28.5	15.2	4,752	4,033	17.8%
	Dec 76	Imports	86.7	8.4	N.A.	N.A.	N.A.
	Dec 76	Balance			N.A.	N.A.	N.A.
Taiwan	Apr 78	Exports	-27.6	32.3	1,526	1,226	24.5%
	Apr 78	Imports	-14.5	20.4	1,309	1,044	25.4%
	Apr 78	Balance			217	182	36
Thailand	Dec 77	Exports	-27.2	-1.6	3,559	3,040	17.1%
	Jan 78	Imports	0.6	21.4	4,246	3,313	28.2%
	Dec 77	Balance			-687	-273	-414

¹ At annual rates.

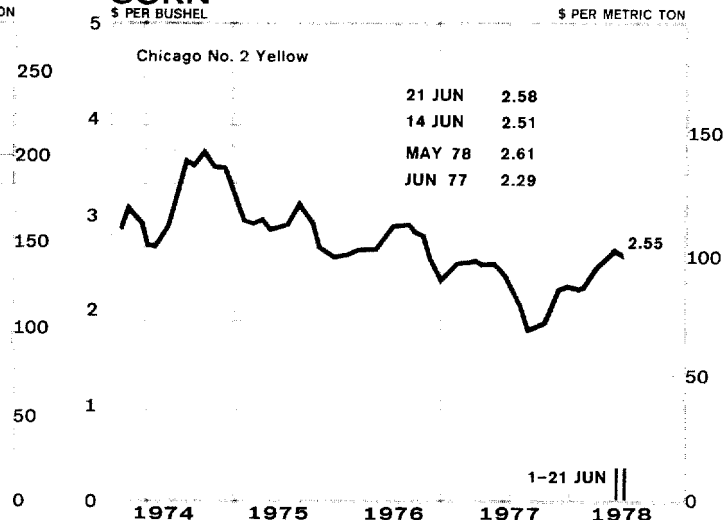
Approved For Release 2005/03/24 : CIA-RDP80T00702A000700020004-8

AGRICULTURAL PRICES MONTHLY AVERAGE CASH PRICE

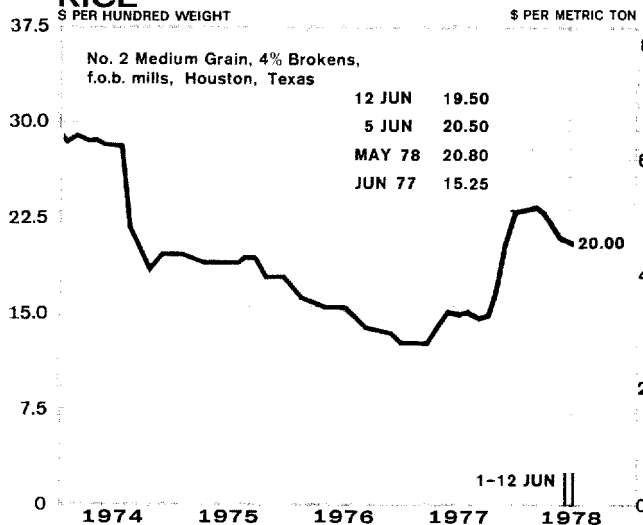
WHEAT



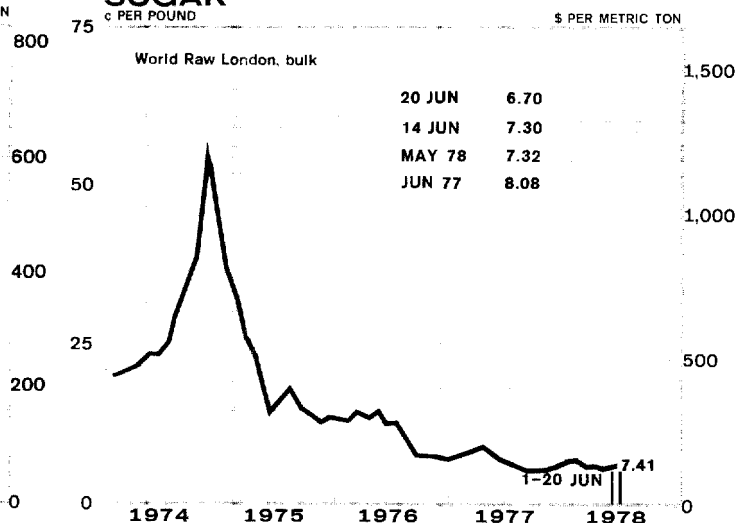
CORN



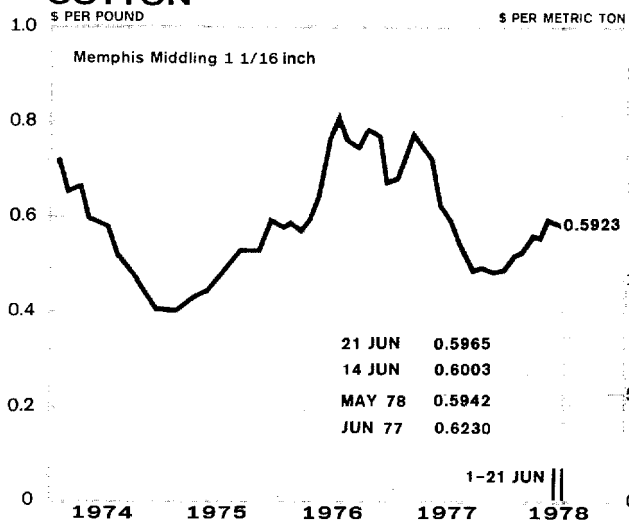
RICE



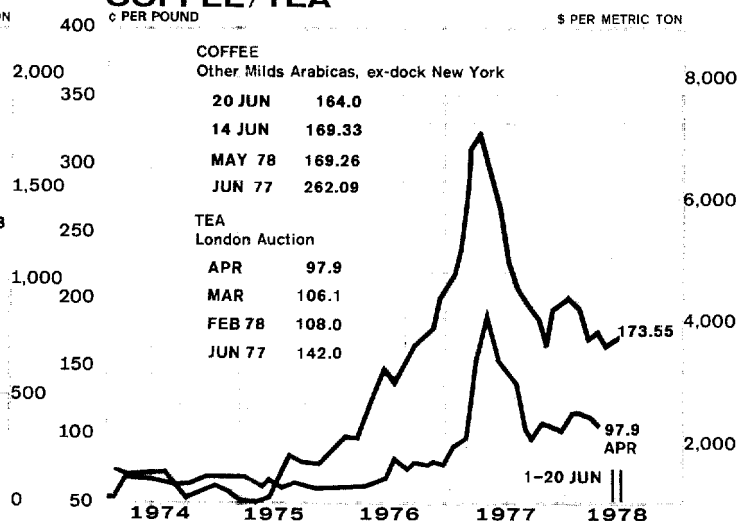
SUGAR

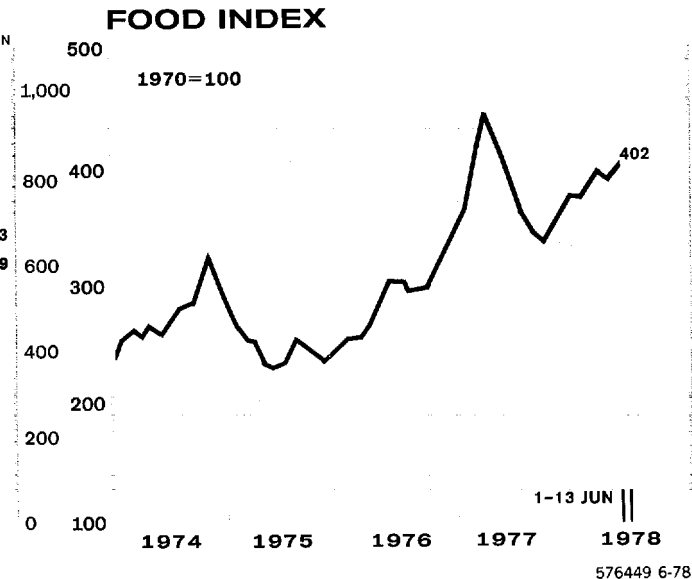
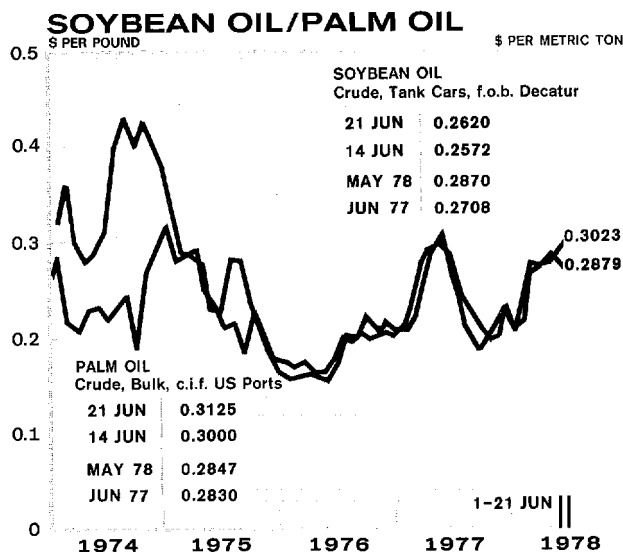
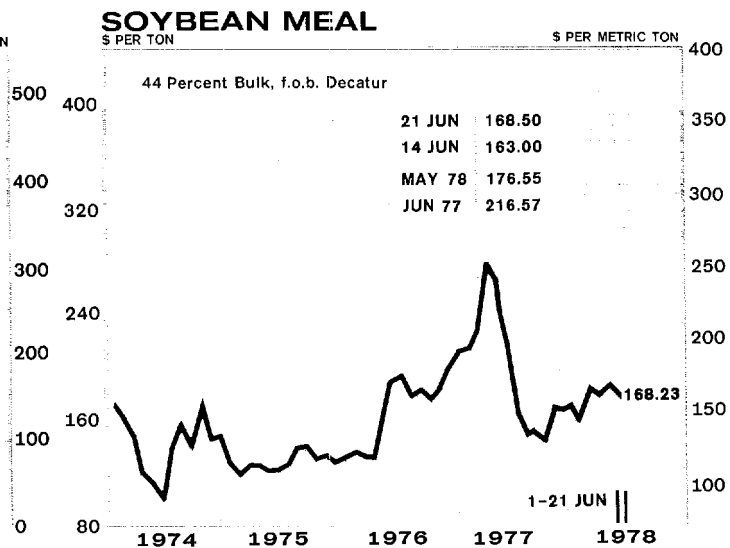
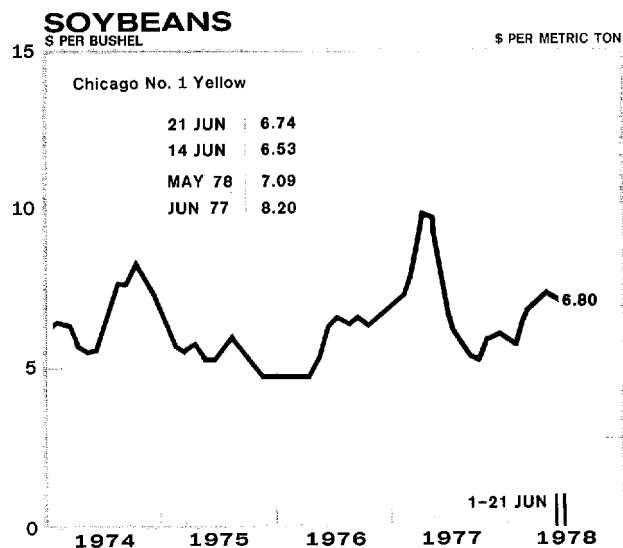


COTTON



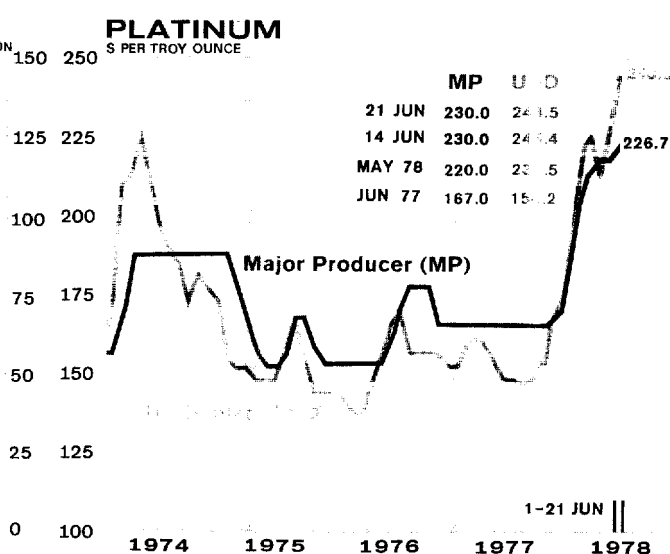
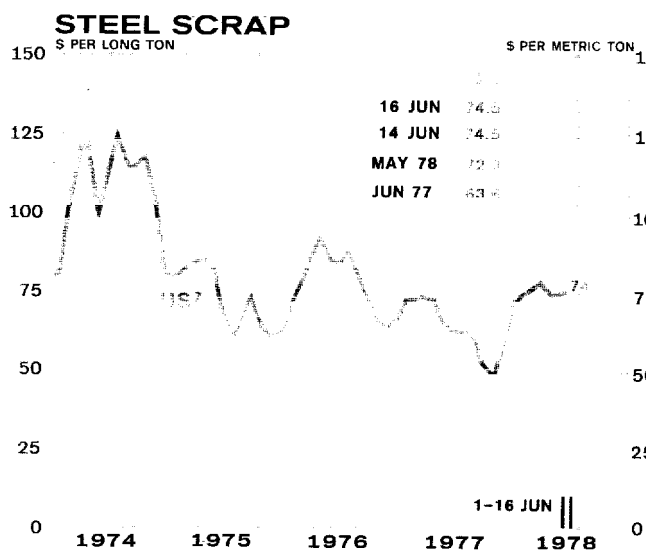
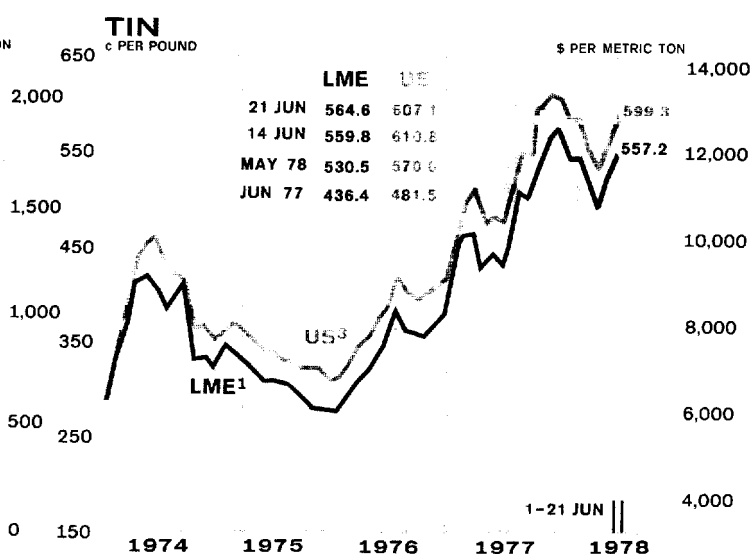
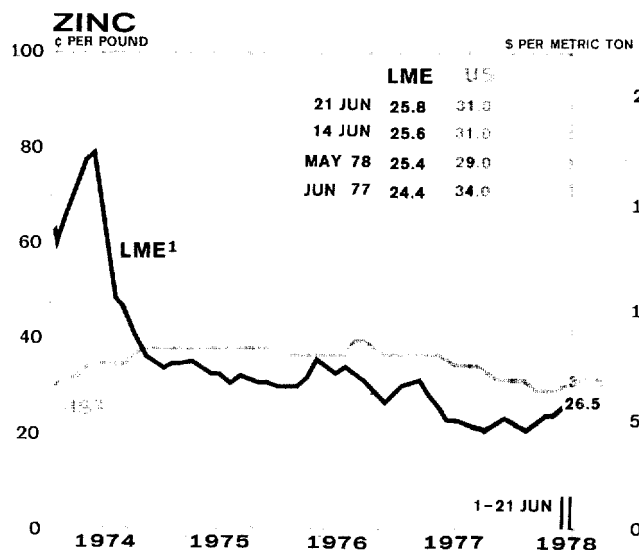
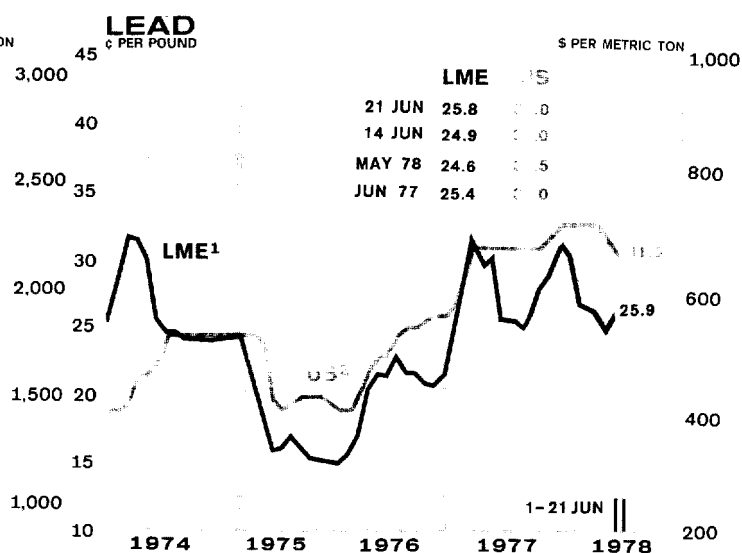
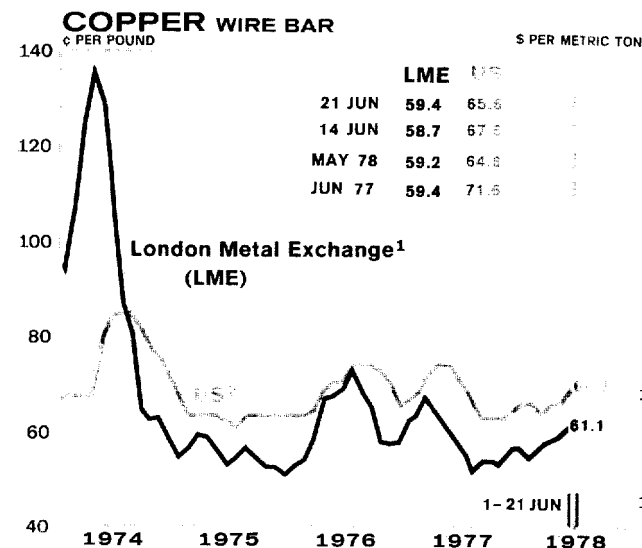
COFFEE/TEA





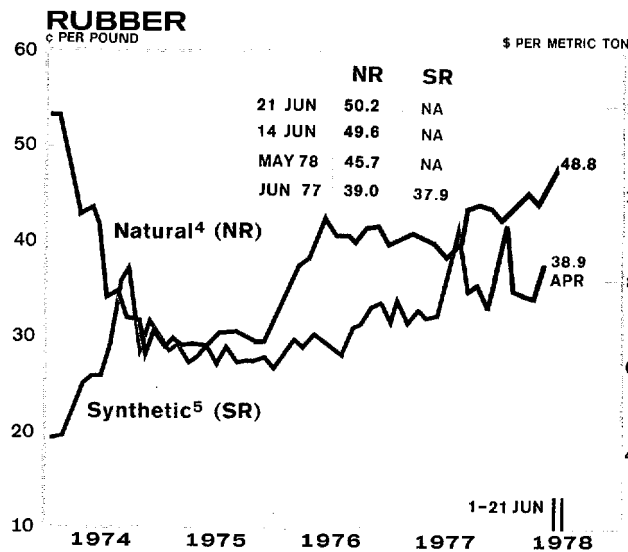
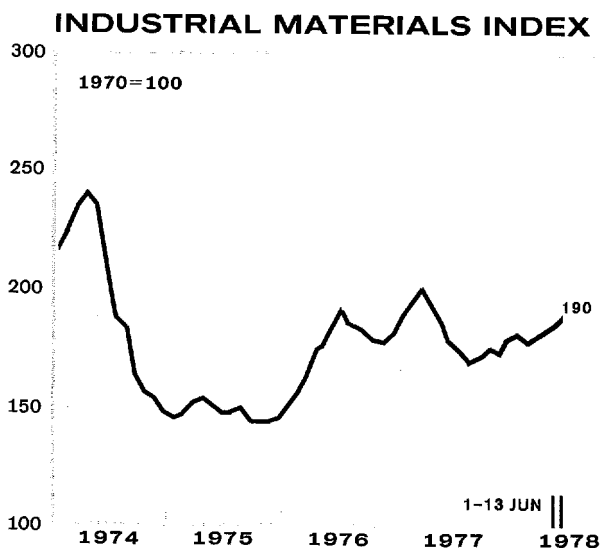
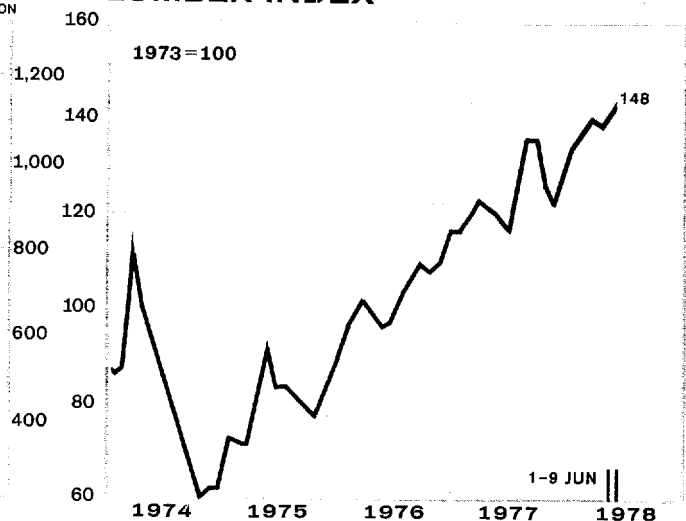
NOTE: The food index is compiled by the Economist for 16 food commodities which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

INDUSTRIAL MATERIALS PRICES MONTHLY AVERAGE CASH PRICE



SELECTED MATERIALS

			CURRENT	DEC 77	JUN 77	JUN 76
ALUMINUM	Major US Producer	¢ per pound	55.00	53.00	51.00	44.00
US STEEL	Composite	\$ per long ton	395.81	359.36	339.27	316.36
IRON ORE	Non-Bessemer Old Range	\$ per long ton	21.43	21.43	21.43	19.50
CHROME ORE	Russian, Metallurgical Grade	\$ per metric ton	NA	150.00	150.00	150.00
CHROME ORE	S. Africa, Chemical Grade	\$ per long ton	56.00	58.50	58.50	39.00
FERROCHROME	US Producer, 66-70 Percent	¢ per pound	42.00	41.00	43.00	45.00
NICKEL	Composite US Producer	\$ per pound	2.07	2.06	2.41	2.20
MANGANESE ORE	48 Percent Mn	\$ per long ton	67.20	72.24	72.00	72.00
TUNGSTEN ORE	Contained Metal	\$ per metric ton	16,646.00	21,549.00	22,821.00	13,954.00
MERCURY	New York	\$ per 76 pound flask	149.00	124.33	126.23	110.00
SILVER	LME Cash	¢ per troy ounce	528.79	472.49	446.93	478.82
GOLD	London Afternoon Fixing Price	\$ per troy ounce	182.67	160.45	140.78	125.71

LUMBER INDEX⁶

¹Approximates world market price frequently used by major world producers and traders, although only small quantities of these metals are actually traded on the LME.

²Producers' price, covers most primary metals sold in the US.

³As of 1 Dec 75, US tin price quoted is "Tin NY 1b composite."

⁴Quoted on New York market.

⁵S-type styrene, US export price.

⁶This index is compiled by using the average of 13 types of lumber whose prices are regarded as bellwethers of US lumber construction costs.

⁷Composite price for Chicago, Philadelphia, and Pittsburgh.

NOTE: The industrial materials index is compiled by the Economist for 19 raw materials which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

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